

Exhibit 40

Databases selected: ProQuest Newspapers

Dumanis has job for city attorney; [7,1,6 Edition]

Caitlin Rother. *The San Diego Union - Tribune*. San Diego, Calif.: Feb 25, 2004. pg. B.3

Abstract (Summary)

[Gwinn] helped [Bonnie Dumanis] get elected in November 2002, sending e-mail to conservative Christians urging them to vote for her. After she beat incumbent Paul Pfingst, some prosecutors speculated that Gwinn would be appointed second-in-command, but that job went to former Superior Court Judge Jesse Rodriguez.

Full Text (238 words)

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After his term ends in December, San Diego City Attorney Casey Gwinn will work part-time for the district attorney, helping open centers for domestic violence victims such as the one he started downtown.

District Attorney Bonnie Dumanis announced the plan in an e-mail to her staff yesterday.

"Casey has long been a leader in the field of domestic violence and was recently recognized by President George W. Bush for his contribution to the Family Justice Center downtown," Dumanis wrote.

Gwinn, who must step down because of term limits, will work 20 hours a week at the justice center as a special assistant to Dumanis starting in January. The center, which he started in 2002, offers medical, legal, housing and counseling services.

Gwinn helped Dumanis get elected in November 2002, sending e-mail to conservative Christians urging them to vote for her. After she beat incumbent Paul Pfingst, some prosecutors speculated that Gwinn would be appointed second-in-command, but that job went to former Superior Court Judge Jesse Rodriguez.

Dumanis' spokeswoman, Gail Stewart, said it is premature to discuss what Gwinn would be paid, though the district attorney hopes cost savings from establishing regional domestic violence centers will pay for the position.

Dumanis hopes federal grant money will be available to help fund the centers, Stewart said.

Gwinn was out of the office and unavailable for comment, a spokeswoman said.

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Exhibit 41

Announcing the New Vision and Direction of the YWCA of San Diego County Casey Gwinn Named New CEO Debra Zanders Willis Named C

Debra Zanders-Willis is the new COO, begins July 23, 2007. Under Gwinn and Zanders-Willis's leadership, the YWCA will continue providing critical services to women, children, and families while also pursuing a planning process to closely align the YWCA with the nationally recognized San Diego Family Justice Center, the Family Justice Center Alliance and the Family Justice Center Foundation.

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San Diego, CA June 20, 2007 -- For the past few months, the Board of Directors of the YWCA of San Diego County (YWCA) has been recruiting a new Chief Executive Officer (CEO). That search has ended and the YWCA is pleased to announce that Casey Gwinn will be the new CEO effective July 1, 2007. The YWCA is also pleased to announce the hiring of a Chief Operating Officer (COO), Debra Zanders-Willis.

Under Gwinn and Zanders-Willis's leadership, the YWCA will continue providing critical services to women, children, and families while also pursuing a planning process to closely align the YWCA with the nationally recognized San Diego Family Justice Center, the Family Justice Center Alliance and the Family Justice Center Foundation.

Gwinn has been involved at the local, state, national, and international level in the domestic violence movement for more than 20 years and will fulfill an important role in expanding the YWCA's focus on services for victims of family violence and their children. Most recently, Casey has served as the Volunteer CEO of the San Diego Family Justice Center Foundation including leading the President's Family Justice Center Initiative for the U.S. Department of Justice. The Initiative has launched a national movement, creating "one stop shop" centers for victims of family violence across America and around the world. Casey has also worked part-time as a Special Assistant to District Attorney Bonnie Dumanis,

leading the planning effort to start the East County Family Justice Center.

"I believe the collaboration of YWCA, the Family Justice Center Foundation and the National FJC Alliance is a brilliant idea that combines the services of the most powerful advocates for women and families in our community," says Midge Costanza, former Special Assistant to President Jimmy Carter and community leader. "The selection of Casey Gwinn as CEO provides the experience and the commitment necessary to make this work. He has championed the effort against domestic violence in San Diego from the very beginning."

"We congratulate Casey on his new post as CEO of the YWCA. Casey has demonstrated a commitment to listening to the voices of victims and bringing communities together to meet their needs. His leadership will be an asset to the YWCA and the community it serves," said Sue Else, President, National Network to End Domestic Violence," said Sue Else, President, National Network to End Domestic Violence.

Gwinn works closely with a host of national domestic violence organizations including: National Network to End Domestic Violence, Family Violence Prevention Fund, National Coalition Against Domestic Violence, American Bar Association, Commission On Domestic Violence, Corporate Alliance Against Domestic Violence, and the National Domestic Violence Hotline.

"Casey Gwinn is a great choice to bring together the community-based work of the YWCA with the Family Justice Center movement. This will provide an example for other communities for how domestic violence shelter-based programs can work closely with justice system-affiliated Family Justice Centers to increase safety and support for victims of domestic violence and their children," said Rita Smith, Executive Director of the National Coalition Against Domestic Violence.

Debra Zanders Willis has worked with the County of San Diego's Health and Human Services Agency for nearly 20 years. She began her career as a child protective services worker. Zanders-Willis currently serves as an Assistant Deputy Director of Children's Services for San Diego County. She oversees the County's Adoptions and Foster Care programs as well as major initiatives related to Guardianship, Drug Endangered Children, the Child Abuse Hotline, and Family-to-Family Initiatives.

"This is such an exciting opportunity," says Debra Zanders-Willis, COO, YWCA of San Diego. "The expanded partnership between the YWCA and the Family Justice Center movement will broaden services available to women and families in a way that is unparalleled."

Debra Zanders-Willis, in her role as COO will work closely with Casey Gwinn, supporting his visionary leadership, and managing the day-to-day operation of the YWCA including their key service programs: Becky's House Domestic Violence

Services, the Passages Program, Cortez Hill Family Center, Legal Advocacy Program, Counseling Services and My Sisters Closet.

“Debra Zanders-Willis brings a broad range of experience and knowledge regarding service delivery to families in need and vulnerable children,” says Mary Harris, Director, Child Welfare Services. “Her years of experience, leadership skills and management style will no doubt be a tremendous asset to the YWCA’s success in accomplishing their newly developed vision.”

“The YWCA is the oldest domestic violence services organization in San Diego County,” said Gwinn. “The YWCA has a unique opportunity to bring together the rapidly expanding local and national Family Justice Center vision of co-located, one-stop shop services for families with the YWCA’s expertise and history of providing life saving services to victims of family violence and their children

“We are 100-percent committed to providing the highest quality of services to the families that we serve,” said Roberta Spoon, Board President, YWCA of San Diego County. “The Board’s vision is to provide the infrastructure and foundation necessary to provide unparalleled services to women and families in crisis. We believe that this collaboration will serve as a model for shelter providers throughout the country.”

Thomas L. Brown, Chairman of the San Diego Family Justice Center Foundation Board, said “We are also honored to begin a planning process with the YWCA to evaluate how the Foundation and our National FJC Alliance can better support the vision and work of the YWCA of San Diego County. Working together, we will be more effective and more successful in supporting women, men, and children caught in the cross-fire of family violence and dealing with the effects of drug and alcohol abuse and related homelessness.”

In addition to their enhanced, wrap-around family services, the YWCA will continue their mission of empowering women and eliminating racism by enhancing their education and advocacy programs. The educational programs will provide training and empowerment skills to the women and families while the advocacy programs will provide awareness and racial justice training to the community.

These announcements come on the heels of an exciting time in the history of the YWCA. In addition to opening Becky’s House II this October, the YWCA is preparing for their 2008 Centennial Celebration. This new vision will catapult the YWCA forward into the next century in what will be an amazing year and time.

For more information on the YWCA of San Diego County, please visit the [YWCA of San Diego County Web site](#). For more information on the San Diego Family Justice Center, please visit the [San Diego Family Justice Center Web site](#).



Exhibit 42

SECOND AMENDMENT TO LEASE

This **SECOND AMENDMENT TO LEASE** (this "Amendment") dated, for referenced purposes only this 10th day of March, 2004 by and between 7TH & BROADWAY PARTNERS, LLC, a Delaware limited liability company, and 901 7TH AVENUE PARTNERS, LLC, a Delaware limited liability company and 707 WEBER, LLC, a California limited liability company, as Co-Tenants (collectively, "**Landlord**"), and The City of San Diego, a California municipal corporation ("**Tenant**").

RECITALS

A. 707 Broadway LLC, a California limited liability company ("**Original Landlord**"), and Tenant entered into that certain Lease dated June 4, 2001 for 15,009 rentable square feet in that building commonly known as 707 Broadway, San Diego ("**Building**") more particularly described in Section 8 of the Summary of Basic Lease Information (the "**Library Premises**"), which Lease was amended by a First Amendment to Lease dated March 28, 2002 (the "**First Amendment**"), pursuant to which Tenant, known as the Family Justice Center, leased 27,213 rentable square feet on the 5th, 6th and 7th floors of the Building (the "**Original Premises**"); and *office & storage*

B. On or about September 26, 2003, Landlord acquired the ground leasehold interest in the real property and title to the improvements located at 707 Broadway (the "**Project**"), including the Premises, from Original Landlord and succeeded to the interest of Original Landlord under the Lease; and *1st Amendment*

C. Landlord and Tenant now desire to amend the Lease according to the terms and conditions set forth herein. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings assigned to them in the Lease.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **Extension of Term.** Landlord and Tenant hereby agree to extend the Lease Term applicable to the Original Premises for an additional thirty (30) months (the "**Extension Period**"), so that the Lease Expiration Date shall now be March 31, 2010. The Lease Term for the Library Premises shall remain unchanged and shall be pursuant to the terms of the Lease without modification by this Amendment.

2. **Expansion Premises.** Tenant hereby leases from Landlord and Landlord hereby leases to Tenant the entire second (2nd) floor of the Tower ("**Expansion Premises**") consisting of 12,308 rentable square feet, for a portion of the Lease Term commencing on the Expansion Commencement Date (as defined below), and ending on the Lease Expiration Date (as extended pursuant to Section 1 above). The Original Premises and Expansion Premises are sometimes collectively referred to herein as the "**Premises**." For purposes hereof, the "**Expansion Commencement Date**" shall mean the earlier to occur of (a) Substantial Completion of the

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Expansion Premises (as defined in Exhibit B), or (b) Tenant's occupancy of the Expansion Premises.

3. **Base Monthly Rent.** Base Monthly Rent shall be payable in accordance with the terms of the Lease, as modified pursuant to Sections 3.1 and 3.2 below.

3.1 Base Monthly Rent for the Expansion Premises shall be as set forth in the table below.

Period	Base Monthly Rent
Expansion Commencement Date – September 30, 2004	\$0 Rent Abatement
October 1, 2004-March 31, 2005	\$19,692.80 - \$1.60/Per RSF
April 1, 2005-March 31, 2006	\$20,283.58 - \$1.65/Per RSF
April 1, 2006-March 31, 2007	\$20,892.09 - \$1.70/Per RSF
April 1, 2007-March 31, 2008	\$21,518.85 - <u>\$1.75</u> /Per RSF
April 1, 2008-March 31, 2009	\$22,164.42 - \$1.80/Per RSF
April 1, 2009-March 31, 2010	\$22,829.35 - \$1.85/Per RSF

3.2 Base Monthly Rent for the Original Premises shall remain as set forth in the Lease until commencement of the Extension Period. Commencing with the Extension Period, the Base Monthly Rent for the Original Premises shall be as set forth in the table below.

Period	Base Monthly Amount
October 1, 2007-March 31, 2008	\$50,888.31 - <u>\$1.87</u> /Per RSF
April 1, 2008-March 31, 2009	\$52,337.48 - \$1.96/Per RSF
April 1, 2009-March 31, 2010	\$55,786.65 - \$2.05/Per RSF

4. **Utilities.** Tenant shall pay for its separately submetered electricity for the Premises, as further set forth in Section 6 of the Lease.

5. **Parking.** Commencing on the Expansion Commencement Date, Section 8 of the First Amendment shall be deleted in its entirety and the following provision shall apply to Tenant's parking rights for the Original Premises and Expansion Premises: "Tenant hereby rents from Landlord, commencing on the Expansion Commencement Date, 80 parking passes (19 of which may be reserved parking at Tenant's election), on a monthly basis throughout the Lease

NOT OPTIONAL

Term, and on a mutual, nonexclusive basis with the other tenants and occupants of the Project, which parking passes shall pertain to the Project parking areas. With the exception of Police Officers and Police Detectives the hours for such monthly parking passes *exclude* anytime on Saturday after 1 p.m., all day Sunday and all federal and state recognized holidays. The hours for such monthly parking passes shall also exclude those weekend (Saturday and Sunday) times during which there is an event at the ball park located in the downtown San Diego area currently known as "Petco Park." The exclusion starts 2 hours prior to any such event and continues until conclusion of such event. The Project parking areas shall be those areas made available by Landlord from time to time for the use of the tenants, occupants and invitees of the Project. Tenant shall pay to Landlord for automobile parking passes on a monthly basis the prevailing rate charged from time to time for such parking passes in the Project. Additional parking passes may be rented by Tenant at the prevailing rate charged for such passes, subject to Landlord's determination that such additional passes are available. The parking rates shall be exclusive of any parking tax or other charges imposed by governmental authorities in connection with the use of such parking, which taxes and/or charges shall be paid directly by Tenant or the parking users, or, if directly imposed against Landlord, Tenant shall reimburse Landlord for all such taxes and/or charges concurrent with its payment of the parking rates described herein. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the Project parking areas and upon Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations. Such rules and regulations shall provide that Tenant shall pay Landlord's then current charge for any replacement of any Tenant parking pass card which is lost, stolen, damaged or destroyed. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking areas at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, close-off or restrict access to the Project parking areas for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. The parking passes rented by Tenant pursuant to this Article are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Tenant's invitees and guests may use parking spaces in such parking areas which are not allocated or reserved for Tenant or other occupants or visitors of the Building or Project on a first-come, first-serve basis, upon payment of Landlord's then prevailing parking rate. The parking passes allocated to Tenant are not for long term (i.e., more than forty-eighty (48) hours) storage of automobiles, or for short or long term storage of boats, trailers, recreational vehicles, motorcycles or other vehicles or equipment. In the event that Landlord determines, in its reasonable discretion, that any of the parking passes allocated to Tenant have not been used on a consistent basis, Landlord shall have the right to terminate Tenant's use of such passes by providing to Tenant at least seven (7) days advance written notice thereof. In the event that Tenant's right to use any of the parking passes is terminated, Tenant shall be relieved of any obligation to pay the monthly rent for such passes. Landlord shall also have the right to provide substitute parking spaces to Tenant at an on-site or off-site location; provided, however, that Landlord shall provide, at its sole cost and expense, reasonable transportation services in the event of off-site parking (e.g., shuttle and/or valet service)."

6. **Direct Expenses.** The Annual Direct Expense Allowance for the Original Premises shall remain as the actual amount of Direct Expenses for the calendar year 2002 until October 1, 2007, adjusted pursuant to Section 1.1.1 of the Lease. Commencing on October 1, 2007, the Annual Direct Expense Allowance for the Original Premises shall be the actual amount of Direct Expenses for the calendar year 2007, adjusted pursuant to Section 1.1.1 of the Lease. The Annual Direct Expense Allowance for the Expansion Premises shall be the actual amount of Direct Expenses for the calendar year 2004, adjusted pursuant to Section 1.1.1 of the Lease. All other terms of the Lease shall apply to Tenant's payment of Direct Expenses for both the Original Premises and the Expansion Premises.

7. **Option to Renew.** Section 3.2 of the Lease is hereby amended to apply only to the Library Premises. The provisions of this Section 7 shall govern Tenant's renewal option with regard to the Original Premises and Expansion Premises. Tenant shall have one option to renew the Lease as to the Original Premises and Expansion Premises for a period of five (5) years (the "Option Term"), to be exercised, if at all, pursuant to Exhibit A attached hereto and incorporated herein by reference.

Renewal
option

8. **Tenant Improvements.** The Tenant Work Letter attached hereto as Exhibit B is hereby incorporated by reference as if fully set forth herein.

9. **No Termination, Cancellation, Contraction, Expansion or Similar Rights.** Notwithstanding anything to the contrary contained in the Lease or First Amendment, as it pertains to the Original Premises and Expansion Premises, Tenant hereby agrees and acknowledges that Tenant has no termination rights, cancellation rights, contraction rights, expansion rights, renewal rights, first opportunity or first refusal or similar rights under the Lease or the First Amendment. Any and all provisions contained in the Lease or the First Amendment regarding Tenant's termination rights, cancellation rights, contraction rights, expansion rights, renewal rights, first opportunity or first refusal or similar rights, if any, are hereby deleted from the Lease and/or the First Amendment and shall be of no further force or effect.

10. **Ratification.** The Lease, as amended by this Amendment, is hereby ratified by Landlord and Tenant and Landlord and Tenant hereby agree that the Lease, as so amended, shall continue in full force and effect.

11. **Miscellaneous.**

(a) **Voluntary Agreement.** The parties have read this Amendment and on the advice of counsel they have freely and voluntarily entered into this Amendment. This Amendment is contingent upon City Council approval.

(b) **Attorney's Fees.** If either party commences an action against the other party arising out of or in connection with this Amendment, the prevailing party shall be entitled to recover from the losing party reasonable attorney's fees and costs of suit.

(c) **Successors.** This Amendment shall be binding on and inure to the benefit of the parties and their successors.

(d) **Counterparts.** This Amendment may be signed in two or more counterparts. When at least one such counterpart has been signed by each party, this Amendment shall be deemed to have been fully executed, each counterpart shall be deemed to be an original, and all counterparts shall be deemed to be one and the same agreement.

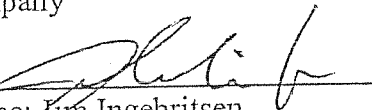
IN WITNESS WHEREOF, this Second Amendment to Lease is executed by the City of San Diego, acting by and through its City Manager, and by Landlord, acting by and through its lawfully authorized officers.

LANDLORD:

7th & Broadway Partners LLC,
a Delaware limited liability company,
Managing Co-Tenant

By: STIRR Broadway, LLC,
a California limited liability
company

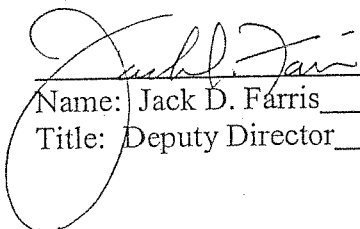
By: JCR Manager, LLC,
a Delaware limited liability
company

By: 
Name: Jim Ingebritsen
Title: CFO

TENANT:


The City of San Diego, a California
municipal corporation

Real Estate Assets Department

By: 
Name: Jack D. Farris
Title: Deputy Director

Approved as to form and legality this 21st day of May, 2004.

CASEY GWINN, City Attorney

By: 

Elisa Cusato, Deputy City Attorney

0 - 19278

Exhibit A

OPTION TO RENEW

The option set forth in Section 7 of this Amendment shall be exercisable only by written notice ("**Option Notice**") delivered by Tenant to Landlord as provided in Section A-2 below, provided that, as of the date of delivery of such notice and, at Landlord's option, as of the last day of the initial Lease Term, Tenant is not in default under this Lease after expiration of applicable cure periods. The right contained in this Exhibit A shall be personal to the original Tenant and may only be exercised by the original Tenant (and not any assignee, sublessee or other transferee of the original Tenant's interest in this Lease) if the original Tenant occupies the entire Premises as of the date of the Option Notice.

A-1 Option Rent. The Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the then prevailing fair market rent for the Premises as of the commencement date of the Option Term. The then prevailing fair market rent shall be the rental rate, including all escalations, at which new, non-renewal tenants, as of the commencement of the Option Term, are leasing non-sublease, non-encumbered space comparable in size, location and quality to the Premises for a comparable term, which comparable space is located in comparable buildings in the surrounding area, taking into consideration only the following concessions: tenant improvements or allowances provided or to be provided for such comparable space, taking into account, and deducting the cost of the existing improvements in the Premises, and based upon the fact that the precise tenant improvements existing in the Premises are specifically suitable to Tenant.

A-2 Exercise of Option. The option contained in this Exhibit A shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver written notice ("**Interest Notice**") to Landlord on or before the date which is nine (9) months prior to the expiration of the initial Lease Term, stating that Tenant is interested in exercising its option; (ii) Landlord, after receipt of Tenant's notice, shall deliver notice (the "**Option Rent Notice**") to Tenant not less than eight (8) months prior to the expiration of the initial Lease Term, setting forth the Option Rent; and (iii) if Tenant wishes to exercise such option, Tenant shall, on or before the earlier of (A) the date occurring seven (7) months prior to the expiration of the initial Lease Term, and (B) the date occurring thirty (30) days after Tenant's receipt of the Option Rent Notice, exercise the option by delivering the Option Notice to Landlord and upon, and concurrent with, such exercise, Tenant may, at its option, object to the Option Rent determined by Landlord. Failure of Tenant to deliver the Interest Notice to Landlord on or before the date specified in (i) above or to deliver the Option Notice to Landlord on or before the date specified in (iii) above shall be deemed to constitute Tenant's failure to exercise its option to extend. If Tenant timely and properly exercises its option to extend, the Lease Term shall be extended for the Option Term upon all of the terms and conditions set forth in this Lease, except that the Rent shall be as indicated in the Option Rent Notice unless Tenant, concurrently with its exercise, objects to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure as set forth in Section A-3 below.

A-3 Determination of Option Rent. In the event Tenant exercises its option to extend but objects to Landlord's determination of the Option Rent concurrently with its exercise of the option to extend, Landlord and Tenant shall attempt to agree in good faith upon the Option Rent. If Landlord and Tenant fail to reach agreement within thirty (30) days following Tenant's delivery of the Option Notice (the "**Outside Agreement Date**"), then Tenant may withdraw its Option Notice and this Lease shall automatically expire and terminate in accordance with its terms.

Exhibit B

TENANT WORK LETTER

This Tenant Work Letter ("Tenant Work Letter") shall set forth the terms and conditions relating to the construction of the Expansion Premises. All references in this Tenant Work Letter to "the Lease" shall mean the relevant portions of the Lease described in Recital A above.

SECTION 1

GENERAL CONSTRUCTION OF THE EXPANSION PREMISES

At Landlord's sole cost and expense, Landlord shall deliver the base, shell, and core (which includes the restrooms and elevator lobby) of the floor of the Building on which the Expansion Premises is located (collectively, the "**Base, Shell, and Core**") to Building-standard specifications, constructed in compliance with all laws. Landlord shall thereafter install in the Expansion Premises certain "Tenant Improvements" (as defined below) pursuant to the provisions of this Tenant Work Letter. Except for the Tenant Improvement work described in this Tenant Work Letter, Landlord shall not be obligated to make any other alterations or improvements to the Premises or the Building unless it is a code requirement per the Fire Marshall and/or Development Services.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance.** Tenant shall be entitled to a one-time tenant improvement allowance (the "**Tenant Improvement Allowance**") in the amount of up to, but not exceeding \$30 per rentable square foot of the Expansion Premises, for the costs relating to the initial design and construction of Tenant's improvements within Tenant's usable space which are permanently affixed to the Expansion Premises (the "**Tenant Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Tenant shall not be entitled to receive any cash payment or credit against Rent or otherwise for any portion of the Tenant Improvement Allowance which is not used to pay for the Tenant Improvement Allowance Items (as such term is defined below).

2.2 **Disbursement of the Tenant Improvement Allowance.** Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord (each of which disbursement shall be made pursuant to Landlord's standard disbursement process), only for the following items and costs (collectively, the "**Tenant Improvement Allowance Items**"):

2.2.1 Payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in

connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.3 The cost of construction of the Tenant Improvements, including, without limitation, contractors' fees and general conditions, testing and inspection costs, costs of utilities, trash removal, parking and hoists, and the costs of after-hours freight elevator usage;

2.2.4 The cost of any changes to the Construction Drawings or Tenant Improvements required by applicable laws and building codes (collectively, "Code");

2.2.5 Sales and use taxes and Title 24 fees;

2.3 With respect to Tenant Improvement components, Tenant shall utilize materials and finishes which are not of lesser quality than the Landlord's Standard tenant improvements for the building.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 **Selection of Architect/Construction Drawings.** Tenant shall work with the architect/space planner designated by Landlord (the "Architect") and engineering consultants designated by Landlord (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Expansion Premises. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings." All Construction Drawings shall comply with the drawing format and specifications determined by Landlord, and shall be subject to Landlord's approval. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

3.2 **Final Space Plan.** On or before the date set forth in Schedule 1, attached hereto, Tenant and Architect shall prepare the final space plan for Tenant Improvements in the Expansion Premises (the "Final Space Plan"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plan to Landlord for Landlord's approval.

3.3 **Final Working Drawings.** On or before the date set forth in Schedule 1, Tenant, Architect and the Engineers shall complete the architectural and engineering drawings for the Expansion Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Working Drawings"), and shall submit the same to Landlord for Landlord's approval.

3.4 **Approved Working Drawings.** On or before the date set forth therefor in Schedule 1, Tenant shall submit the Final Working Drawings approved by Landlord (the "Approved Working Drawings") to the applicable local governmental agency for all applicable building permits necessary to allow "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, to commence and fully complete the construction of the Tenant Improvements (collectively, the "Permits"), and, in connection therewith, Tenant shall coordinate with Landlord in order to allow Landlord, at Landlord's option, to take part in all phases of the permitting process, and shall supply Landlord, as soon as possible, with all plan check numbers and dates of submittal. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, provided that Landlord may withhold its consent, in its sole discretion, to any change in the Approved Working Drawings, if such change would directly or indirectly delay the Substantial Completion of the Expansion Premises.

3.5 **Time Deadlines.** Tenant shall cooperate with Architect, the Engineer, and Landlord to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and with Contractor, for approval of the "Cost Proposal," as that term is defined in Section 4.2, below, in accordance with the dates set forth in Schedule 1. Tenant shall meet with Landlord on a weekly basis to discuss Tenant's progress in connection with the same. Certain of applicable dates for approval of items, plans and drawings as described in this Section 3, Section 4, below, and in this Tenant Work Letter are set forth and further elaborated upon in Schedule 1 (the "Time Deadlines"), attached hereto. Tenant agrees to comply with the Time Deadlines unless Landlord agrees in writing to extend any of the Time Deadlines.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Contractor.** A contractor, under the supervision of and selected by Landlord, shall construct the Tenant Improvements (the "Contractor").

4.2 **Cost Proposal.** After the Approved Working Drawings are signed by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal in accordance with the Approved Working Drawings, which cost proposal shall include, as nearly as possible, the cost of all Tenant Improvement Allowance Items to be incurred by Tenant in connection with the construction of the Tenant Improvements (the "Cost Proposal"). Notwithstanding the foregoing, portions of the cost of the Tenant Improvements may be delivered to Tenant as such portions of the Tenant Improvements are priced by Contractor (on an individual item-by-item or trade-by-trade basis), even before the Approved Working Drawings are completed (the "Partial Cost Proposal"). Tenant shall approve and deliver the Cost Proposal to Landlord within five (5)

business days of the receipt of the same (or, as to a Partial Cost Proposal, within two (2) business days of receipt of the same). The date by which Tenant must approve and deliver the Cost Proposal, or the last Partial Cost Proposal to Landlord, as the case may be, shall be known hereafter as the **"Cost Proposal Delivery Date."** The total of all Partial Cost Proposals, if any, shall be known as the Cost Proposal.

4.3 Construction of Tenant Improvements by Landlord's Contractor under the Supervision of Landlord.

4.3.1 Over-Allowance Amount. On the Cost Proposal Delivery Date, Tenant shall deliver to Landlord cash in an amount (the **"Over-Allowance Amount"**) equal to the difference between (i) the amount of the Cost Proposal and (ii) the amount of the Tenant Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the Cost Proposal Delivery Date). The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any then remaining portion of the Tenant Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Tenant Improvement Allowance. In the event that, after the Cost Proposal Date, any revisions, changes, or substitutions shall be made to the Construction Drawings or the Tenant Improvements, any additional costs which arise in connection with such revisions, changes or substitutions shall be added to the last Proposal and shall be paid by Tenant to Landlord immediately upon Landlord's request to the extent such additional costs increase any existing Over-Allowance Amount or result in an Over-Allowance Amount.

4.3.2 Landlord Supervision. After Landlord selects the Contractor, Landlord shall independently retain Contractor to construct the Tenant Improvements in accordance with the Approved Working Drawings and the Cost Proposal and Landlord shall supervise the construction by Contractor.

4.3.3 Contractor's Warranties and Guaranties. Landlord hereby assigns to Tenant all warranties and guaranties by Contractor relating to the Tenant Improvements, and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Tenant Improvements.

4.3.4 Tenant's Covenants. Tenant hereby indemnifies Landlord for any loss, claims, damages or delays arising from the actions of Architect and the Engineers on the Expansion Premises or in the Building.

SECTION 5

SUBSTANTIAL COMPLETION; LEASE COMMENCEMENT DATE

5.1 Substantial Completion. For purposes of the Lease, the Expansion Premises shall be **"Ready for Occupancy"** upon Substantial Completion of the Expansion Premises. For purposes of this Lease, **"Substantial Completion"** of the Expansion Premises shall occur upon the completion of construction of the Tenant Improvements in the Expansion Premises pursuant to the Approved Working Drawings, with the exception of any punch list items and any tenant

fixtures, work-stations, built-in furniture, or equipment to be installed by Tenant or under the supervision of Contractor.

5.2 **Tenant Delays.** If there shall be a delay or there are delays in the Substantial Completion of the Expansion Premises, as a direct, indirect, partial, or total result of any of the following (collectively, "**Tenant Delays**"):

5.2.1 Tenant's failure to comply with the Time Deadlines;

5.2.2 Tenant's failure to timely approve any matter requiring Tenant's approval, including a Partial Cost Proposal or the Cost Proposal;

5.2.3 A breach by Tenant of the terms of this Tenant Work Letter or the Lease;

5.2.4 Changes in any of the Construction Drawings after disapproval of the same by Landlord;

5.2.5 Tenant's request for changes in the Approved Working Drawings;

5.2.6 Tenant's requirement for materials, components, finishes or improvements which are not available in a reasonable time;

5.2.7 Changes to the Base, Shell and Core required by the Approved Working Drawings except for changes due to building code requirements;

5.2.8 Any other acts or omissions of Tenant, or its agents, or employees;

then, notwithstanding anything to the contrary set forth in the Lease and regardless of the actual date of the Substantial Completion of the Expansion Premises, the Lease Commencement Date (as set forth in Section 7.3 of the Summary) shall be deemed to be the date the Lease Commencement Date would have occurred if no Tenant Delay or Delays, as set forth above, had occurred.

SECTION 6

MISCELLANEOUS

6.1 **Tenant's Entry Into the Expansion Premises Prior to Substantial Completion.** Provided that Tenant and its agents do not interfere with, or delay, Contractor's work in the Building and the Expansion Premises, Contractor shall allow Tenant access to the Expansion Premises prior to the Substantial Completion of the Expansion Premises for the purpose of Tenant installing overstandard equipment or fixtures (including Tenant's data and telephone equipment) in the Expansion Premises. Prior to Tenant's entry into the Expansion Premises as permitted by the terms of this Section 6.1, Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry. Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the Building or Expansion Premises and against injury to any persons caused by Tenant's actions pursuant to this Section 6.1.

6.2 **Tenant's Representative.** Tenant has designated Gael Strack, Family Justice Center City Attorney as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

6.3 **Landlord's Representative.** Landlord has designated Christine Sotelo as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

6.4 **Time of the Essence in This Tenant Work Letter.** Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of said period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

6.5 **Tenant's Lease Default.** Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant as described in the Lease or any default by Tenant under this Tenant Work Letter has occurred at any time on or before the Substantial Completion of the Expansion Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Expansion Premises (in which case, Tenant shall be responsible for any delay in the Substantial Completion of the Expansion Premises caused by such work stoppage as set forth in Section 5.2 of this Tenant Work Letter), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of the Lease.

Exhibit 43

Rest + PARKING FIRST AMENDMENT TO OFFICE LEASE

+ EXPIRATION REVISED IN 2ND AMENDMENT

This First Amendment to Office Lease ("First Amendment"), dated for reference purposes only March 28, 2002, is by and between 707 Broadway LLC, a California limited liability company ("Landlord") and The City of San Diego, a California municipal corporation ("Tenant").

RECITALS

- A. Landlord and Tenant entered into that Office Lease dated June 4, 2001 (the "Lease") for certain Premises (as defined in the Lease) in Landlord's office tower located at 707 Broadway, San Diego, California, 92101 (the "Tower").
- B. Landlord and Tenant have agreed to expand the Premises to include the Fifth, Sixth and Seventh Floors of the Tower (the "Expansion Premises").
- C. This First Amendment is being executed to set forth the terms and conditions applicable to the Expansion Premises.

AGREEMENT

Landlord and Tenant hereby agree as follows:

1. **LEASE ADOPTED.** All terms, provisions and conditions of the Lease shall apply fully to the Expansion Premises, except as expressly set forth herein.
2. **AGREEMENT TO LEASE.** Landlord hereby agrees to lease the Expansion Premises to Tenant and Tenant hereby agrees to lease the Expansion Premises from Landlord on the terms and conditions set forth herein. The "Premises" shall now include the Expansion Premises.
3. **EXPANSION PREMISES.** The Expansion Premises consist of all of the Fifth, Sixth and Seventh Floors of the Tower. The Rentable Area of the Expansion Premises is 27,213 square feet. The Usable Area of the Expansion Premises is 26,388 square feet. The Rentable and Usable Areas of the Expansion Premises are agreed to and shall not change. The Rentable Area of the Fifth Floor is 9,071 square feet; the Usable Area of the Fifth Floor is 8,796 square feet. The Rentable Area of the Sixth Floor is 9,071 square feet; the Usable Area of the Sixth Floor is 8,796 square feet. The Rentable Area of the Seventh Floor is 9,071 square feet; the Usable Area of the Seventh Floor is 8,796 square feet.
4. **LEASE TERM FOR THE EXPANSION PREMISES.** The Lease Term for the Expansion Premises shall be for five (5) years and no months (subject to Tenant's Termination Options set forth in Section 4.1 below), with one (1) option to extend for five (5) years on the terms and conditions set forth in Section 3.2 of the Lease. The Lease Term for the Expansion Premises shall commence upon Landlord's Substantial Completion of the Tenant Improvements which are specified in a Schematic Design Document which is currently being prepared, and as further articulated by the Construction Documents to be prepared pursuant to the terms and provisions of the Work Letter attached as Exhibit "B" to the Lease. Landlord shall have the right to approve the Schematic Design Document and shall not unreasonably withhold, condition or delay its consent. Once approved by Landlord, the Schematic Design Document shall be attached to this First Amendment as Exhibit "A". All Tenant Improvements shall be built to Landlord's Building Standards. The construction of the Tenant Improvements shall be in accordance with the terms and provisions of the Work Letter. Landlord shall use the space-planning firm of Maggetti Elam to prepare the Schematic Design Document and the Construction Documents.

Tenant will be permitted access to the Expansion Premises commencing fifteen (15) days prior to commencement of the Lease Term for moving-related purposes, so long as such access does not interfere with Landlord or its contractors and provided Tenant gives Landlord at least 48 hours advance notice that it wishes access. Tenant and its contractors will be permitted access to the Expansion Premises during construction of the Tenant Improvements to install telecommunications wiring, so long as such access does not interfere with Landlord or its contractors. Landlord and Tenant agree to work cooperatively together to coordinate the installation of Tenant's telecommunications wiring in the Expansion Premises. The Construction Drawings will note the installation location of Tenant's telecommunications wiring. All costs of providing and installing Tenant's telecommunications wiring will be at Tenant's expense. Tenant's access shall be subject to all terms and provisions of the Lease including the Work Letter.

The Estimated Lease Commencement Date for the Expansion Premises is July 1, 2002 (assuming that this First Amendment is approved by Tenant's City Council and signed by Tenant by April 9, 2002). The Estimated Lease Expiration Date for the Expansion Premises is June 30, 2007. The actual Lease Commencement and Lease Expiration Dates will be set by the date of Substantial Completion of the Tenant Improvements.

4.1 Tenant's Termination Options. So long as it is not and has not been in material default of the Lease, Tenant shall have two options ("Termination Options") to cancel and terminate its rights

FORM OF

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and obligation. Under this Lease for the Expansion Premises on, effective (a) at the end of the twenty-fourth (24th) month of the Lease Term with respect to the first Termination Option and (b) at the end of the forty eighth month of the Lease Term with respect to the Second Termination Option. Tenant shall exercise a Termination Option by giving written notice to Landlord at least one hundred and fifty (150) days (but not more than one hundred and eighty (180) days) prior to the effective date of each Termination Option (i.e., prior to end of the twenty fourth (24th) month of the Lease Term with respect to the first Termination Option and the forty eighth (48th) month of the Lease Term with respect to the second Termination Option) (with timely notice absolutely of the essence). Tenant may exercise a Termination Option only if all of the following have occurred: (a) funds necessary to pay the rent expenditures for the Expansion Premises for the third and fourth years of this Lease (for the first Termination Option) or the fifth year (for the second Termination Option) have not been appropriated by the City of San Diego or been made available by other sources; (b) such funds are not likely to be appropriated; and (c) management officials in the City Attorney's Office (including the City Attorney) have utilized their best efforts to obtain appropriation of such funds. Under no circumstances may Tenant exercise a Termination Option in order to relocate the operations carried on in the Expansion Premises to new premises for such purpose.

5. **RENTAL AND OTHER PAYMENTS FOR THE EXPANSION PREMISES.** Base Monthly Rent for the Expansion Premises shall be (a) \$1.58 per square foot of Rentable Area of the Expansion Premises for the first year of the Lease Term, (b) \$1.63 per square foot of Rentable Area of the Expansion Premises for the second year of the Lease Term, (c) \$1.68 per square foot of Rentable Area of the Expansion Premises for the third year of the Lease Term, (d) \$1.73 per square foot of Rentable Area of the Expansion Premises for the fourth year of the Lease Term, and (e) 1.78 per square foot of Rentable Area of the Expansion Premises for the fifth year of the Lease Term, as further set forth below:

Expansion Premises Base Monthly Rent

<u>Lease Year</u>	<u>Base Monthly Rent</u>
1	\$42,997.00
2	\$44,357.00
3	\$45,718.00
4	\$47,078.00
5	\$48,439.00

Parking 18
deleted in
2nd Amend.

Monthly Rent shall be payable monthly in advance, as further set forth in the Lease.

Tenant shall pay for its separately submetered electricity, as further set forth in the Lease.

Annual Direct Expense Allowance for the Expansion Premises shall be the 2002 Base Year, as described in Section 1.1.1 of the Lease.

Percentage of Direct Expenses for the Expansion Premises is 15.90%.

6. **USE OF THE EXPANSION PREMISES.** The Expansion Premises shall be used only by the City of San Diego City Attorney's Office and the City of San Diego Police Department for general office purposes compatible with a first-class office building and for incidental additional uses associated with Tenant's operation of a Family Justice Center in the Expansion Premises and for no other use, without the prior written consent of Landlord, not to be unreasonably withheld. Tenant shall work cooperatively with Landlord to minimize any negative effect that Tenant's operation has on the Tower, particularly on the common area portions thereof.

7. **NO DEPOSITS.** There shall be no security deposit or rent deposit payable upon execution of this Lease.

max
up to 90
19 nos

8. **PARKING.** With respect to the Expansion Premises, Tenant may lease (and Landlord agrees to make available) (a) up to ninety (90) non-reserved parking spaces in the Parking Structure at the rate of \$110.00 per month each for the first year of the Lease Term and thereafter during the Lease Term at the prevailing rate charged from time to time by the owner of the Parking Structure and (b) up to nineteen (19) reserved parking spaces in the Parking Structure at the rate of \$130.00 per month each for the first year of the Lease Term and thereafter during the Lease Term at the prevailing rate charged from time to time by the owner of the Parking Structure.

9. **BROKERS.** Landlord will pay its broker, Tim Cowden of Grubb & Ellis ("Landlord's Broker") a commission for the first two (2) years of the Lease Term pursuant to the terms and condition of a separate commission agreement between Landlord and Grubb & Ellis ("Commission Agreement") and no other brokers are involved in this transaction. If Tenant does not exercise the first Termination Option, Landlord (or its successor) will pay Landlord's Broker a commission for the second two (2) years of the Lease Term pursuant to the terms and conditions of the Commission Agreement. If Tenant does not exercise the second Termination Option Landlord (or its successor) will pay Landlord's Broker a commission for the fifth year of the Lease Term pursuant to the terms and

this provision. Only the Owner of the Tower at the time this commission obligation comes due will be responsible to pay it.

10. **RIGHT OF FIRST OFFER.** At any time during the Lease Term, or any extension thereof, and so long as Tenant is not and has not been in material default under the Lease, should Landlord decide to lease space on the eighth (8th) floor of the Tower, Tenant shall have a right of first offer to lease said space. Tenant may assign its rights under this Section 10 to the County of San Diego. Landlord shall give notice in writing to Tenant setting forth the lease terms that Landlord is willing to accept ("Offer to Lease"). Tenant shall have the exclusive right during the five (5) business day period following the receipt of such Offer to Lease from Landlord to determine if Tenant is willing to lease the space upon said terms and to notify Landlord in writing of its willingness to proceed with such lease. If Tenant fails to notify Landlord within such five (5) business day period, Landlord may lease the space to any third party. If Landlord agrees to lease the space to a third party at a rate less than ninety percent 90% of Landlord's Offer to Lease, Tenant shall again have the right to lease the space on such new terms pursuant to procedure set forth above. If Tenant timely accepts Landlord's Offer to Lease, Landlord shall lease the space to Tenant and Tenant shall lease the space from Landlord on the terms and conditions contained in Landlord's Offer to Lease and otherwise upon the terms and conditions of this Lease.

Except as modified herein, the Lease and its terms and conditions shall remain in full force and effect. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease.

Tenant
THE CITY OF SAN DIEGO,
a California municipal corporation

REAL ESTATE ASSETS DEPT.

By: _____

Print Name: Tim C. Rothans

Title: Deputy Director

Landlord
707 BROADWAY, LLC
a California limited liability company
By: 707 PARTNERS, LP,
a California limited Partnership,
Manager

By: CALIFORNIA TRADITIONS, INC.
a California corporation, General Partner

By: _____
Christopher S. McKellar
Chief Executive Officer

By: _____
Jeff E. Johnson
Senior Vice President, Secretary

Approved as to form and legality,
this 5th day of July, 2002

CASEY GWINN, CITY ATTORNEY

By: _____
Debra J. Bevier, Deputy City Attorney

Exhibit 44

COPY

OFFICE LEASE

707 BROADWAY TOWER

707 Broadway, LLC
a California limited liability company
(Landlord)

and

The City of San Diego,
A California municipal corporation
(Tenant)

*Library
Space 2/8
12/06*

*1st + 2nd
Amendment
expire
3-31-10
extended
in 2nd amendment*

DOCUMENT NO. 00-18566

FILED JUL 31 2001

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

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EXHIBIT E.....	LEASE COMMENCEMENT CONFIRMATION

1. Lease Date: June 4, 2001
2. Landlord: 707 Broadway, LLC, a California limited liability company
3. Address of Landlord: c/o CTI Commercial
12526 High Bluff Drive, Suite 100
San Diego, California 92130
- with a copy to: SCM Broadway Partners, L.P.
5383 Hollister Avenue #140
Santa Barbara, California 93111
4. Tenant: The City of San Diego, c/o Real Estate Assets Department
5. Address of Tenant: 1200 Third Avenue, Ste. 1700
San Diego, CA 92101
6. Contact for Tenant: Real Estate Assets Department
Attn: Diana Lozano-Monaco
7. Telephone and Fax Numbers of Contact: 619-236-6081 (Telephone); 619-236-6706 (Fax)
8. Premises (Section 2.1 of Lease): Premises (Tower Floor(s)): All of the Third Floor of the Tower and a portion of Basement Level B-2.
- Tower Rentable Area: 171,178 square feet.
- Premises Rentable Area: 15,009 square feet.
- Premises Usable Area: 14,612 square feet.
- The Premises consist of the following: (a) office space of 9,482 square feet Rentable Area (9,085 square feet Usable Area), all on the Third Floor of the Tower, and (b) storage area of 5,527 square feet (Rentable and Usable Area), 2,827 square feet of which is on the Third Floor of the Tower and 2,700 square feet of which is on the B-2 Basement Level of the Tower.
9. Lease Term (Article 3 of Lease): Lease Term: 5 years and no months, with one (1) option to extend for five (5) years on the terms and conditions set forth in Section 3.2 of this Lease.
- Estimated Lease Commencement Date: 9/15/01 12-26-01
- Estimated Lease Expiration Date: 9/14/06 12-25-06
10. Rental and Other Payments (Article 4 of Lease): Base Monthly Rent shall be \$1.50 per square foot of Rentable Area for the office space on the Third Floor of the Tower, increasing by four percent (4%) per annum, and \$1.00 per square foot of Rentable Area for the storage space on the Third Floor of the Tower and on the B-2 Basement Level of the Tower, increasing by four percent (4%) per annum, all as scheduled below. The Base Monthly Rent shall be adjusted upward (i.e. to then-applicable Base Monthly Rent under this Lease for office space) to the extent that Tenant uses more office space (as opposed to storage space) in the Premises than is delineated in Section 8 of this Summary.

Lease Year		Base Monthly Rent	
1	(Office)	\$14,223.00	12-26-01 1.50
1	(Storage)	\$5,527.00	1.00
2	(Office)	\$14,791.92	12-26-02 1.56
2	(Storage)	\$5,748.08	1.04
3	(Office)	\$15,383.60	12-26-03 1.62
3	(Storage)	\$5,978.00	1.08
4	(Office)	\$15,998.94	12-26-04 1.68
4	(Storage)	\$6,217.12	1.12
5	(Office)	\$16,638.90	12-26-05 1.75
5	(Storage)	\$6,465.81	1.17

Annual Direct Expense Allowance: 2001 Base Year as further described in Section 1.1.1.

Tenant's Share of Direct Expenses: 7.19%.

11. Use (Article 5 of Lease): By the City of San Diego library only, for general office purposes compatible with a first-class office building and for storage where delineated, and for no other use or purpose. The storage areas will be used strictly for storage only, with no office uses whatsoever.
12. Security Deposit (Article 15 of Lease): \$ -0-
13. Parking (Article 27 of Lease): ^{CAN} ^{Don} Tenant agrees to lease (and Landlord agrees to make available) forty-nine (49) non-reserved parking spaces in the Parking Structure at the rate of \$110 per month each for the first year of the Lease Term and thereafter during the Lease Term at the prevailing rate charged from time to time by the owner of the Parking Structure. So long as Landlord's leasehold interest continues, Tenant shall have the exclusive right to utilize for pickup and delivery purposes only the three (3) parking spaces adjacent to the delivery doors on the east face of the Tower at the southeast corner of the Tower between the hours of 7:30 a.m. and 9:00 a.m., Monday through Friday.
14. Brokers (Section 30.21 of Lease): Tim Cowden of Grubb & Ellis (representing Landlord) will be paid by Landlord pursuant to a separate agreement between Landlord and Grubb & Ellis. Jerry Jacquet of Meissner Jacquet (representing Tenant) will be paid by Landlord an amount equal to four percent (4%) of Base Monthly Rent payable under the initial term of this Lease as his sole consideration for representing Tenant and shall be paid nothing on extensions or expansions exercised or negotiated between Landlord and Tenant. Each Broker shall earn and be paid its entire commission upon occupancy of the Premises by Tenant.
15. Tenant Improvements (Work Letter): Landlord shall construct improvements in the Premises pursuant to the terms and provisions of the Work Letter.

The foregoing Summary of Basic Lease Information is hereby incorporated into and made a part of this Lease. Each reference in this Lease to the Summary of Basic Lease Information shall mean the information set forth above and shall be construed to incorporate all of the terms provided under the particular lease paragraph pertaining to such information. In the event of a conflict between the Summary of Basic Lease Information and the Lease, the Lease shall prevail.

Library Space

This Lease, which includes the Summary of Basic Lease Information attached hereto as pages (iii) and (iv) and exhibits hereto (the "Lease"), dated as of 6/4/01, 2001 is made by and between 707 Broadway, LLC, California limited liability company ("Landlord"), and The City of San Diego, a California municipal corporation ("Tenant")

Expired 12-31-0

ARTICLE 1

DEFINITIONS

1.1 Definitions. As used in this Lease, the following terms shall have the meanings hereinafter set forth:

1.1.1 "Annual Direct Expense Allowance" means the actual amount of Direct Expenses for calendar year 2001, subject to the "gross-up" provisions as set forth in the last sentence of Section 1.1.12 below, which amount is the allowance given to Tenant for Tenant's Share of Direct Expenses and is included in the Base Monthly Rent set forth here:

1.1.2 "Base Monthly Rent" is defined in Section 4.1.1.

1.1.3 "Building Common Area" means the total of all areas which now or at any time hereafter, based on Landlord's sole discretion, are within or part of the Tower and made available for the general nonexclusive use or convenience or benefit of Landlord, Tenant and all other tenants of the Tower and their respective employees and invitees including, without limitation, all lobbies, entrances, stairs, elevators, escalators, hallways, passageways and other interior public portions of the Tower which are not specifically leased to Tenant or by any other tenant of the Tower and all exterior walkways, landscaped areas, open space areas, plazas, on the Tower Parcel or on, in or above the Tower.

1.1.4 "Deficit" is defined in Section 4.2.2:

1.1.5 "Direct Expenses" means the sum of "Operating Expenses" and "Tax Expenses."

1.1.6 "Estimated Direct Expenses" is defined in Section 4.2.3.

1.1.7 "Expense Year" shall mean each twelve (12) consecutive month period commencing January 1 of each year falling within the Lease Term, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

1.1.8 "Lease Commencement Date" is defined in Section 3.1.

1.1.9 "Lease Expiration Date" is defined in Section 3.1.

1.1.10 "Lease Term" is defined in Section 3.1.

1.1.11 "Lease Year" is defined in Section 3.3.

1.1.12 "Operating Expenses" shall mean any and all costs and expenses paid or incurred by Landlord in connection with the operation, maintenance, management and repair of the Tower, the Building Common Area and the Project as constituted during any Expense Year. By way of illustration but not limitation, Operating Expenses shall include the following: (i) the cost of supplying all utilities (except for utility costs Landlord or this Lease requires Tenant to pay directly); (ii) the cost of operating, maintaining, repairing, and managing the utility systems, mechanical and heating systems, ventilation and air conditioning systems, sanitary and storm drainage systems, and elevator systems, the cost of any fees, charges, surcharges imposed by any governmental entity, and the cost of supplies, equipment, maintenance and service contracts in connection therewith; (iii) the cost of landscape maintenance, supplies, and replanting; (iv) the cost of fire, extended coverage, all risk, boiler, sprinkler, public liability, property damage, worker's compensation, loss of rent, earthquake, energy system coverage and any other insurance Landlord obtains in accordance with Article 7 of this Lease, including such endorsement thereto as Landlord may desire, all in such amounts and otherwise as Landlord may reasonably determine; (v) wage salaries and other labor costs, for persons whose services are devoted to on-site management, security and maintenance of the Tower and the Tower Parcel; (vi) fees, charges and other costs, including management fees, consulting fees, legal fees and accounting fees, in connection with the management, operation, maintenance and repair of the Tower and the Tower Parcel; (vii) the cost of licenses, permits and inspections and the costs of contesting the validity or applicability of any governmental enactments which may affect Operating Expenses; (viii) the fair market rental value of the property managed in the Tower or the Project; (ix) depreciation of the cost of acquiring, or the rental expense of, personal property used in the maintenance, operation and repair of the Tower and the Tower Parcel; (x) the costs of any reasonable capital improvements made to the Tower or the Tower Parcel after completion of its construction as a labor-saving device or to effect other economies in the operation or maintenance of the Tower or the Tower Parcel (but only to the extent that such capital improvements are reasonably anticipated to achieve Operating Expense cost savings and to the extent Operating Expense cost savings are achieved), and the costs of capital improvements made to the Tower after the initial construction thereof that are required under any governmental law or regulation that was not applicable to the Tower at the time the permits for the construction thereof were obtained (but only if required due to Tenant's particular use of the Tower), such capital costs to be amortized over such reasonable period as Landlord shall determine, together with interest on the unamortized balance at a market rate; and (xi) the costs of compliance with any and all governmental laws, ordinance regulations and requirements applicable to the usage made of the Tower by its tenants (their agents and employees including, without limitation, the cost and expense incurred in connection with complying with any and all governmental required traffic management and fire safety programs (but only if required due to Tenant's particular use of the Tower)). The computation of Operating Expenses shall be made in accordance with generally accepted accounting and management

principles. Landlord and Tenant agree and acknowledge that in the event the Tower is not ninety-five percent (95%) occupied during any Expense Year, on a monthly average, the Operating Expenses shall be increased to reflect the Operating Expenses of the Tower as though it was ninety-five percent (95%) occupied and the additional rent shall be based upon the Operating Expenses so adjusted.

1.1.13 "Operating Expenses" shall not include the following: (a) "Tax Expenses" relating to the Tower (which are included as another component of Direct Expenses); (b) principal or interest expense, except for those attributable to the improvements which are made as provided in clause (ix) above; (c) leasing commissions; (d) depreciation on the improvements contained in the Tower except as provided in clause (ix) above; (e) the cost of capital expenditures not included in clause (ix) above; (f) Landlord's general corporate overhead and general administrative expenses not related to management and operation of the Tower; (g) any and all costs of selling, exchanging, or refinancing the Tower, escrow charges, transfer taxes and loan fees and points; (h) costs incurred by Landlord for the repair of damage to the Tower to the extent that Landlord is reimbursed by insurance proceeds; (i) costs (including permit, license and inspection fees) incurred in installing, improving, renovating, decorating, painting, and/or redecorating space for tenants or vacant space, including cost incurred by Landlord in connection with any work letter relating to such space; (j) costs incurred by Landlord to enforce the provisions of any lease of space in the Tower due to the violation by any tenant of the Tower of the terms and conditions of any lease; (k) all items and services for which Tenant or any other tenant of the Tower reimburses Landlord (other than Tenant's pass-throughs of Direct Expenses) and which Landlord provides selectively to one or more tenants (other than Tenant's without reimbursement); (l) advertising and promotional expenditures; (m) tax penalties incurred as a result of Landlord's negligence or inability or refusal to make payments when due; and (n) costs incurred due to a violation by Landlord of any of the terms and conditions of this Lease or of any other lease relating to the Tower.

1.1.14 "Premises" is defined in Section 2.1.

1.1.15 "Project" means the Tower as defined in Sections 1.1.19 and 2.1 below) and including without limitation all real property associated therewith, as it presently exists or may be expanded, developed or altered from time to time, together with all fixtures, equipment or personal property now or hereafter situated or located therein or thereupon or used in connection therewith.

1.1.16 "Rules and Regulations" mean the rules and regulations set forth in Exhibit D attached to this Lease.

1.1.17 "Tax Expenses" shall include general real property and improvement taxes, any form of assessment, special assessment or reassessment, license fee, license tax, business license tax, commercial rental tax, lieu tax, levy, charge, penalty (to the extent not imposed as a result of Landlord's negligence) or similar imposition whatsoever or at all imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, or any agency or public body, as against any legal or equitable interest of Landlord in the Tower Parcel, the Tower, the Project, or all building and improvements thereon and thereto as they presently exist or as they may be expanded, developed, constructed or altered from time to time, together with all fixtures, equipment or personal property (excluding personal property of tenants other than Tenant) now or hereafter situated or located therein or thereupon or used in connection therewith, which are paid or incurred by Landlord, and which shall include, but not be limited to, the following: (i) any tax or Landlord's rent, right to rent or other income from the Tower or as against Landlord's business of leasing the Tower, but specifically excluding Landlord's federal, state or city income, franchise, corporate, personal property, stock transfer revenues, inheritance or estate taxes; (ii) any assessments, taxes, fees, levies or charges in addition to, or in substitution partially or totally, for any assessment, tax, fee, levy or charge previously included within the definition of real property tax being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants; and (iii) any assessment, tax, fee, levy or charge upon this transaction or any document to which Tenant is a party which is imposed on the creation or transfer of an interest or an estate in the Premises. It is the intention of Tenant and Landlord that all new and increased assessments, taxes, fees, levies, charges and all similar assessments, taxes, fees, levies and charges be included within the definition of real property tax for the purposes of this Lease. Tax expenses for the first Expense Year shall be calculated as if the Tower, Tower Parcel and Project and related improvements were fully assessed. If at any time during the Lease Term the laws concerning the methods of real property taxation prevailing at the commencement of the Lease Term are changed so that a tax or excise rents or any other tax, however described, is levied or assessed against Landlord as a substitution in whole or in part for a real property tax, then, Tax Expenses shall include but not be limited to any such assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof. With respect to any assessment that may be levied against or upon the Tower, the Tower Parcel or all or any portion of the Project and that under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, there shall be included within the definition of Tax Expense with respect to any tax fiscal year only the amount currently payable on such bonds, including interest, for such tax fiscal year, or the current annual installment for such tax fiscal year.

1.1.18 "Tenant's Share" shall mean the percentage as set forth in Section 10 of the Summary of Direct Expenses for which Tenant is responsible each Expense Year. Tenant's Share was calculated by dividing the rentable square feet of the Premises by the total rentable square feet in the Tower. In the event the total rentable square feet of the Tower changed, Tenant's Share shall be appropriately adjusted (based upon a certificate from Landlord's architect). As to the Expense Year in which such change occurs, Tenant's Share for such year shall be determined on the basis of the number of days during such Expense Year that each such Tenant's Share was in effect. In no event shall such change result in Tenant paying more toward Direct Expenses than it would have if no change had been made.

1.1.19 "Tower" is defined in Section 2.1.

(i) Tenant is in default of any of its obligations under this Lease on the date of giving the Option Notice (past any cure period as provided herein); or

(ii) Tenant is in default of any of its obligations under this Lease on the date the Extended Term is to commence (past any cure period as provided herein)

The term "Lease Term" as used herein means the initial Lease Term as the same may be extended by the Extended Term pursuant to the provisions of this Section. The Option to Extend is personal to Tenant and may not be transferred to or exercised by any Transferee and may only be exercised by Tenant if Tenant is then in possession of the entire Premises, with no part of the Premises subleased or occupied by other parties (notwithstanding the preceding, if the space is being used by a Transferee approved by Landlord, if the Transferee is using the Premises consistent with the uses permitted under this Lease, and if the Transferee is not occupying more than fifty percent (50%) of the Premises, then Tenant shall have the right to exercise the Option to Extend).

3.2.1 Base Monthly Rent and Direct Expense Obligation During the Extended Term. In the event that Tenant elects to and is entitled to extend the Lease for the Extended Term, the Base Monthly Rent per rentable square foot for the Extended Term shall, subject to the subsequent provisions of this Section, be equal to the fair market rental rate per rentable square foot as of the commencement of the Extended Term for space comparable to the Premises, as further described below. The fair market rental rate shall mean the rental rate for space of comparable age, size, quality, floor plan, and view in the Tower and in similar office buildings in the central business district in the downtown area of San Diego ("Comparable Space") and shall take into consideration escalation clauses, services (including utilities and telecommunications services), and any concessions then being granted by Landlord to other tenants in the Tower and by other landlords to tenants for Comparable Space, for leases of a five (5) year term, including rental abatement, base rent escalations, and leasehold improvement allowances for previously occupied space (although the condition of the tenant improvements to the Premises shall be considered - to the extent caused by reasonable wear and tear by Tenant - the costs of (a) retrofitting the Premises for use by another possible tenant, (b) leasing commissions payable to the broker of another potential tenant, (c) possible lost revenue to Landlord while the space is marketed, and (d) other similar costs, shall not be considered). The determination shall also include consideration for quality of materials, value of existing tenant improvements, mechanical systems and other items which may affect the fair market rental rate of the Tower and the Premises. In addition, the Annual Direct Expense Allowance shall also be adjusted to reflect those granted in the lease transactions utilized in determining the fair market value rental rate as described above. Notwithstanding anything to the contrary set forth herein, in no event shall the Base Monthly Rent and Tenant's obligation to pay Direct Expenses during the Extended Term be less than the Base Monthly Rent and Tenant's obligation to pay Direct Expenses applicable and in force prior to the commencement of the Extended Term ("Current Obligation") (notwithstanding the foregoing, a new Annual Direct Expense Allowance (i.e., a new base year) may be established). Within twenty (20) days after Landlord's receipt of an Option Notice, Landlord shall deliver written notice to Tenant setting forth Landlord's determination of the Base Monthly Rent and Tenant's Obligation to pay Direct Expenses in accordance with the provisions of this Section 3.2.1. Tenant, within thirty (30) days after receipt of Landlord's determination, shall notify Landlord whether Tenant will (a) accept Landlord's determination (in which event the Base Monthly Rent and Direct Expense obligation during the Extended Term shall be the amount set forth in Landlord's notice) or (b) reject Landlord's determination and elect to submit to Landlord Tenant's determination of the fair market rental rate. In the event Tenant submits Tenant's determination of the fair market rental rate to Landlord as provided in (b) above, Landlord and Tenant shall attempt within the ensuing thirty (30) days to agree upon the fair market rental rate. If Landlord and Tenant cannot agree within this thirty (30) day period, Landlord and Tenant shall each select an independent M.A.I. appraiser who is a member of San Diego Chapter No. 42 of the American Institute of Real Estate Appraisers (or any successor Chapter or organization), with at least eight (8) years experience in appraising property similar to the Premises, in order to determine the fair market rental rate. Such appraisers shall be selected within five (5) business days after Landlord and Tenant conclude that they cannot agree or at the end of the thirty (30) day time period, which first occurs. Landlord and Tenant shall provide to the appraisers their independent evaluations and determinations of the fair market rental rate, provided however that Tenant's determination cannot be less than the Current Obligation. The appraisers shall within forty-five (45) days of appointment determine the actual fair market rental rate (but in no event less than the Current Obligation) by using the criteria for the fair market rental rate set forth in this Section 3.2.1. If the two (2) appraisers are unable to mutually agree on the fair market rental rate within the time specified, then the two appraisers shall select a third independent M.A.I. appraiser meeting the above requirements within five (5) days of the appointed appraisers' failure to agree [or, if they are unable to agree, the third appraiser shall be appointed by a retired judge selected by the American Arbitration Association ("AAA") (or similar organization if the AAA is no longer in existence) pursuant to its rules]. Such third appraiser shall be given all materials submitted by Landlord and Tenant and prepared by the other appraisers and shall then provide his or her determination of the fair market rental rate within thirty (30) days after appointment. The determination of the closest two appraisers shall be averaged (but in no event less than the Current Obligation) and the average shall be conclusive and used as the Base Monthly Rent and Direct Expense obligation for the Extended Term. Landlord and Tenant shall each pay the cost of their own appraiser and Landlord and Tenant shall each pay one-half (1/2) of the cost of the third appraiser, if utilized and the AAA fee, if any. Upon the determination of the fair market rental rate, the parties shall execute an amendment to this Lease incorporating the determined amount as the Base Monthly Rent and Direct Expense obligation for the Extended Term. If the determination process extends into the Extended Term, Tenant shall pay the prior Base Monthly Rent and Direct Expense obligation until the new Base Monthly Rent and Direct Expense obligation is determined and then shall pay Landlord the difference no later than five (5) days after the determination of the fair market rental rate for the Extended Term.

3.3 Landlord Delivery of Possession of Premises. If Landlord, for any reason whatsoever, cannot deliver possession of the Premises to Tenant on the date specified in Section 9 of the Summary, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom. For purposes of California Civil Code Section 715.2, Landlord and Tenant agree that this Lease shall terminate if the Lease Commencement Date has not occurred on or before six (6) months from the Estimated Lease Commencement Date.

3.4 Lease Year and Expiration of Term. For purposes of this Lease, the term "Lease Year" or "lease year" shall mean a consecutive twelve (12) month period during the Lease Term commencing on the Lease Commencement Date provided that the lease year may be adjusted by Landlord to commence on the first day of a calendar month. If the Lease Term ends on a day other than the last day of a calendar month, Landlord shall have the right to extend

ARTICLE 4

RENTAL AND OTHER PAYMENTS

4.1 Base Monthly Rent. Tenant agrees to pay to Landlord, c/o Meissner Jacquet, 8525 Gibbs Drive Suite 200, San Diego, CA 92123-1765, or such other place as Landlord may from time to time designate and at the times and in the manner herein provided, monthly rent for the Premises (the "Base Monthly Rent") in the amounts and at the rates provided for each Lease Year during the Term as set forth in Section 10 of the Summary (subject to adjustment as provided in Section 2.3 and this Article 4). Commencing on the Lease Commencement Date, Base Monthly Rent shall be payable by Tenant to Landlord in advance in equal monthly installments on the first day of each calendar month, without prior notice in invoice, demand, deduction or offset whatsoever. Landlord shall have the right to accept all rent and other payments whether full or partial, and to negotiate checks and payments thereof without any waiver of rights, irrespective of any conditions to the contrary sought to be imposed by Tenant. Base Monthly Rent payable for any period of less than one (1) month shall be prorated based upon a thirty (30) day month. All other payments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis. For purposes of Section 467 of the Internal Revenue Code, the parties to this Lease hereby agree to allocate the rents due the Landlord as provided herein to the periods which correspond to the actual rent payments as provided under the terms and conditions of this Lease.

4.2 Additional Rent.

4.2.1 Tenant's Share. As more fully set forth in this Section 4.2, in addition to the Base Monthly Rent, Tenant shall also pay to Landlord Tenant's Share of the annual Direct Expenses which are in excess of the Annual Direct Expense Allowance, but in no event shall Tenant be obligated to pay Tenant's Share of any increases to Direct Expenses exceeding five percent (5%) of the prior year.

4.2.2 Calculation of Deficit. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses for such Expense Year exceeds the Annual Direct Expense Allowance, the Tenant shall pay to Landlord as additional rent, in the manner set forth in this Section 4.2, an amount equal to such difference (the "Deficit"), subject to the limitation set forth in Section 4.2.1 above. If the Lease Term falls partially within a Expense Year, the Deficit calculated for such partial year shall be equitably prorated based upon a 360-day year.

4.2.3 Statement of Estimated Direct Expenses. Landlord shall give Tenant a yearly expense estimate statement (the "Estimate Statement") which shall set forth Landlord's reasonable estimate (the "Estimate") of the total amount of Direct Expenses for the then current Expense Year. The Estimate Statement shall also include the estimate amount to be paid by Tenant (the "Estimated Deficit") as calculated by comparing Tenant's Share of Direct Expenses for such Expense Year, as estimated, to the Annual Direct Expense Allowance. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect Tenant's Share of Direct Expenses under this Article 4 unless Landlord does not deliver the Estimate Statement within three (3) months after the start of any Expense Year. If pursuant to the Estimate Statement an Estimated Deficit is calculated for the then current Expense Year, Tenant shall pay, with its next installment of Base Monthly Rent due an amount equal to one-twelfth (1/12) the Estimated Deficit times the number of months which have elapsed in the Expense Year for which the Estimate Statement applies less Direct Expense payments made by Tenant in such Expense Year. Thereafter, until a new Estimate Statement is furnished, Tenant shall pay monthly, with the monthly Base Monthly Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Deficit.

4.2.4 Statement of Actual Direct Expenses. Landlord shall give to Tenant on or before three (3) months following the end of each Expense Year, a statement (the "Statement") which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount, if any, of any Deficit. Upon receipt of the Statement for each Expense Year, if a Deficit exists, Tenant shall pay, with its next installment of Base Monthly Rent due, the full amount of the Deficit for such Expense Year, less amounts, if any, paid during such Expense Year toward the Estimated Deficit, or if there has been an overpayment, such overpayment shall be credited to Direct Expenses next due. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord from enforcing its rights under this Article 4, unless Landlord does not deliver the Estimate Statement within six (6) months after the start of a Expense Year. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if a Deficit exists, Tenant shall immediately pay to Landlord an amount as calculated pursuant to the provisions of Section 4.2.2 and if Tenant has overpaid, Landlord will promptly refund such excess to Tenant. The provisions of this paragraph shall survive the expiration or earlier termination of the Lease Term.

4.2.5 Taxes and Other Charges for which Tenant is Directly Responsible. Tenant shall reimburse Landlord upon demand for any and all taxes required to be paid by Landlord (excluding state, local and federal personal and corporate income taxes measured by the net income of Landlord from all sources and estate and inheritance taxes), whether or not now customary or within the contemplation of the parties hereto, when said taxes are measured by or reasonably attributable to the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises.

4.2.6 Payment of Rent. All amounts payable by Tenant to Landlord under this Lease shall be deemed to be rent and shall be payable to Landlord without abatement, deduction or offset. If Tenant's obligation to pay a rent accrues prior to the expiration or earlier termination of this Lease, then such obligation shall survive such expiration or termination even if the amount is not then due or calculated.

4.2.7 Tenant Audit Right. Within ninety (90) days after receipt of a Statement ("Audit Period") Tenant shall be entitled, upon no less than five (5) days written notice to Landlord and during business hours at Landlord's office or such other place as Landlord shall designate, to inspect and examine those books and records of Landlord relating to the determination of Direct Expenses for the calendar year for which the Statement was prepared. In no event shall

Tenant have the right to review Landlord's tax returns or other books or records which are confidential under Federal or otherwise pertain to Direct Expenses. The inspection of Landlord's records shall be performed by a qualified auditor employed by the City of San Diego ("Tenant's Auditor"). The examination must be conducted within ten (10) days of such books and records being made available to Tenant ("Examination Period"). Tenant's Auditor shall prepare a report indicating the results of the review (the "Report"). If the Report discloses that the amount of Direct Expenses billed to Tenant was incorrect, the appropriate party shall pay the other party the deficiency or overpayment, as applicable, unless Landlord disputes the Report within thirty (30) days after the receipt of the Report by Landlord. If Landlord disputes the Report within this thirty (30) day period, Landlord shall engage the firm Deloitte Touche (or, if such firm no longer exists, another of the Big Six accounting firms) to review and verify the Direct Expenses, and provide the results thereof to Landlord and Tenant (the "Reconciliation Audit") and the determination as set forth in the Reconciliation Audit shall be binding upon Landlord and Tenant. All costs and expenses of the Reconciliation Audit shall be paid by Landlord unless the result shows that Landlord did not overstate Direct Expenses in the Statement by more than five percent (5%), in which case Tenant shall pay the costs and expenses of the Reconciliation Audit. The exercise by Tenant of its audit rights hereunder shall not relieve Tenant of its obligations to pay prior to the request for and inspection and examination of Landlord's books and records or permit Tenant the right to audit any other sums with the exception of the amounts set forth in this Statement. If Tenant does not elect to exercise its rights to audit during the Audit Period, and/or does not elect to examine the books and records during the Examination Period, then Landlord's Statement shall conclusively be deemed to be correct and Tenant shall be bound by Landlord's determination, unless fraud in the preparation of Landlord's statement is later discovered.

ARTICLE 5

USE

5.1 General Use. Tenant shall use and occupy the Premises solely in accordance with the use(s) described in Section 11 of the Summary and in accordance with all other requirements of this Lease and consistent with first class office tower, and shall neither use nor permit the Premises to be used or occupied for any other use or purpose whatsoever without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion with no standard of reasonableness implied. Tenant further covenants and agrees that it shall not use, or suffer or permit any person or persons to use or occupy the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations, as they may be amended from time to time by Landlord. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with or infringe upon the rights of other tenants or occupants of the Tower, or to injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Except as otherwise specifically set forth herein, Landlord and its agents shall not be liable for (i) damage to any property entrusted by Tenant to employees or agents of the Project, (ii) loss or damage to any property by theft or otherwise, and (iii) any injury or damage to persons or property resulting from any criminal activity including terrorist acts (even though Landlord may provide security or guard services), fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Tower or from the pipes, appliances or plumbing work therein or water from the roof, street or subsurface or from any other place resulting from dampness or any other cause whatsoever, all of the above unless caused by Landlord's negligence or willful misconduct. Landlord or its agents shall also not be liable for interference with light, view or sight or other incorporeal hereditaments, nor shall Landlord be liable for any latent defect in the Premises or the Tower unless Landlord receives notice of a latent defect from Tenant and does not correct same within thirty (30) days after receiving notice or, if the latent defect (which Landlord agrees or is proved by Tenant to be a defect) is not susceptible to cure within thirty (30) days, if Landlord does not commence the cure within thirty (30) days after receiving notice and diligently prosecute said cure to completion. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Tower and of defects therein or in the fixtures or equipment of which it is actually aware (with no duty of inquiry).

5.2 Compliance With Laws and Regulations. Tenant shall not use or occupy the Premises in violation of any law, ordinance, regulation or requirement or other directive of any federal, state or local governmental authority having or exercising jurisdiction thereover or of the certificate of occupancy issued for the Tower, and shall at its sole cost and expense fully comply therewith, and shall immediately discontinue any use of the Premises which is declared by any governmental authority having or exercising jurisdiction thereover to be a violation of any law, ordinance, regulation or directive. Tenant shall not do or permit to be done anything which will (i) increase the premium of any insurance policy covering the Premises, the Tower, the Project and/or the property located therein; (ii) cause a cancellation of or be in conflict with any such insurance policies; (iii) result in a refusal by insurance companies in good standing to issue or continue any such insurance in amounts satisfactory to Landlord; or (iv) subject Landlord to any liability or responsibility for injury to any person or property by reason of any operation in the Premises. Tenant shall, at Tenant's expense, comply with all rules, orders, regulations and requirements of insurers and of the American Insurance Association or any other organization performing a similar function. Tenant shall promptly upon demand reimburse Landlord for any additional premium charge for such policy or policies caused by reason of Tenant's failure to comply with the provisions of this Section 5.2. Additionally, Tenant agrees at its sole cost to install any improvements, changes or alterations authorized in writing by Landlord and required by any governmental authority as a result of Tenant's particular or unique use of the Premises or its manner of operation thereunder or any alterations made by Tenant (beyond those installed by Landlord pursuant to the Work Letter) and Tenant's failure to perform same shall constitute a default by Tenant hereunder.

5.3 Hazardous Materials.

5.3.1 Prohibition of Use. Tenant shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the Premises by Tenant, Tenant's agents, employees, contractors, or invitees without first obtaining Landlord's written consent. If Hazardous Substances are used, stored, generated, or disposed of on or in the Premises by Tenant or its agents, employees, contractors or invitees except as permitted above, or if the Premises become contaminated in any manner for which Tenant is legally liable, Tenant shall indemnify, defend and hold harmless the Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, a decrease in value of the Premises, damages caused by loss or restriction of rentable or usable space, or any damages caused by adverse impact on marketing of the space, and any and all sums paid for settlement of claims, litigation, expenses, attorneys' fees, consultant, and expert fees) of whatever kind or nature, known or unknown, contingent or otherwise, arising during or after the Lease Term and arising as a result of that contamination by Tenant. This

5.3.2 Definition. As used herein, "Hazardous Substance" or "Hazardous Substances" means an substance that is toxic, ignitable, reactive, or corrosive and that is now or hereafter regulated by any local government, the State of California, or the United States Government. "Hazardous Substance" includes any and all material or substance that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" pursuant to state, federal or local governmental law. "Hazardous Substance" includes, but is not restricted to, asbestos, polychlorobiphenyl ("PCB's"), and petroleum.

5.3.4 Releases. Tenant shall not discharge, leak, or emit, or permit to be discharged, leaked, or emitted, any material into the atmosphere, ground, sewer system, or any body of water, if that material (as is reasonably determined by the Landlord, or any governmental authority) does or may pollute or contaminate the same, or may adversely affect (a) the health, welfare, or safety of persons, whether located on the Premises or elsewhere, or (b) the condition, use, or enjoyment of the building or any other real or personal property. Tenant shall immediately notify Landlord of any release of any Hazardous Substance on or near the Premises whether or not such release is in a quantity that would otherwise be reportable to a public agency and shall also comply with the notification requirements of California Health & Safety Code Section 25359.7.

ARTICLE 6

6.1 Landlord's Obligations; Tenant's Obligation to Pay Separately Sub-Metered Electricity. Landlord agrees, subject to governmental regulations and restrictions and subject to the terms and conditions set forth in this Article I to furnish to the Premises heating, air conditioning and ventilation required in Landlord's judgment for the comfortable use and occupation of the Premises, elevator service, janitorial service (to the office areas (and related Building Common Area; only, Monday through Friday, holidays excepted), water for lavatory and drinking purposes, and telephone riser cable and its maintenance. The above-described heating, air conditioning and ventilation shall be furnished to Tenant without additional charge during the hours of 8:00 a.m. to 6:00 p.m., Monday through Friday; and from 8:00 a.m. to 12:00 p.m. on Saturdays (except for New Year's Day, Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas, and subject to adjustment based upon changes in operating hours for other similar office towers). As further provided in Section 6.4 below, Landlord will impose a charge for heating, ventilation and air conditioning services during other times of usage. Landlord shall install a sub-meter to measure the amount of electricity used by Tenant in the Premises. Tenant shall pay, as an additional charge on a monthly basis, the cost of all electricity consumed in the Premises (or if for any reason (in Landlord's sole discretion) the method of directly charging Tenant for its use of electricity cannot be used, Landlord may increase the Base Monthly Rent by an amount which represents a fair and equitable estimate of Tenant's use of electricity in the Premises; said adjustment may be done both retroactively and prospectively). Said additional charge shall be paid within fifteen (15) days after billed to Tenant by Landlord and shall be considered additional rent.

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carried by Landlord as part of the Lease. Landlord shall be entitled to cooperate voluntarily in a reasonable manner with the efforts of national, state or local governmental bodies or of suppliers of utilities in reducing energy or other resources consumption, and Tenant shall not be relieved of its obligation to pay the full Base Monthly Rent or any additional rent by reason thereof. Landlord shall also have the exclusive right, but not the obligation, to provide any additional services which may be required by Tenant, including without limitation, locksmithing, additional janitorial service, or additional repairs and maintenance, provided that Tenant shall pay to Landlord upon billing, the sum of all costs to Landlord of such additional services.

6.3 Utilities and Services Waiver and Release. Tenant agrees and acknowledges that Landlord shall not be liable for a loss of, injury to property or injury to or interference with Tenant's business including, without limitation, loss of profits or consequential damages however occurring including, but not limited to those occurring through or in connection with or incidental to (a) any failure to supply any heat, air conditioning, elevator, cleaning, lighting, security or other service Landlord has agreed to supply or may supply, (b) any surges or interruptions in electricity, (c) the failure of or interruptions in services of any telephone or telecommunications lines, wires, cables, or other telecommunication services or equipment whether or not caused by Landlord's installation of, maintenance of, or failure to maintain any of the foregoing (collectively the "Released Claims"), unless caused by the negligence or willful misconduct of Landlord. Tenant further agrees and acknowledges that in no event shall any manager, member, officer, director, partner, agent, or employee of Landlord (collectively the "Landlord Parties") be liable or responsible to Tenant with respect to any of the Released Claims, regardless of whether any matter as described in the Released Claims is caused by the negligence or other misconduct of the Landlord Parties and Tenant hereby waives and releases all of the Released Claims for the benefit of the Landlord Parties.

6.4 Tenant's Use of Utilities and Services. Tenant shall not, without Landlord's prior written consent, use in the Premises heat generating machines, non-standard office machines, equipment or lighting, other than customary for office uses or which may affect the temperature otherwise maintained by the air conditioning system, or increase the water normally furnished for the Premises. If such consent is given, Landlord shall have the right to install supplementary air conditioning units or other facilities in the Premises including supplementary or additional monitoring devices and the cost thereof, including the cost of installation, operation and maintenance, increased wear and tear in existing equipment and other similar charges, shall be paid by Tenant to Landlord upon billing by Landlord. If Tenant uses water, heat or air conditioning in excess of normal office use, Landlord may install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, on demand, including the cost of such additional metering devices. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1, Tenant shall give Landlord prior notice, as Landlord shall from time to time establish as appropriate, of Tenant's desired use and Landlord shall supply such utilities to Tenant at such hourly cost to Tenant as Landlord shall from time to time establish. Amounts payable by Tenant to Landlord for such use of additional utilities shall be deemed additional rent hereunder and shall be billed on a monthly basis. Tenant shall not, without Landlord's prior written consent, install additional lighting or equipment requiring electric current to be supplied to the Premises in excess of that typically used by an office tenant. If such consent is given, Tenant shall pay to Landlord, upon billing, the cost of such excess consumption.

ARTICLE 7

INSURANCE AND INDEMNITY

7.1 Self Insurance. Notwithstanding anything to the contrary contained in this Article 7, to the extent that Tenant is required to maintain insurance, Tenant may elect to self insure provided that Tenant has delivered prior to execution of this Lease reasonable evidence of such self insurance and related satisfactory financial ability.

7.2 Tower Fire and Casualty Insurance. Landlord shall maintain during the Lease Term a policy of insurance insuring the Tower against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage and special extended coverage on the Tower. Such coverage in such amounts as Landlord may from time to time determine may include, at the option of Landlord, the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Tower Parcel or all or any portion of the Project or the ground or underlying lessors of the Tower Parcel or all or any portion of the Project.

7.3 Property Insurance. Tenant shall obtain and maintain commencing upon the first to occur of (i) the first date that Tenant desires to enter the Premises and Landlord approves Tenant's entry to perform any Tenant Work (defined in the Work Letter) ("Tenant's Entry Date") or (ii) the commencement of the Lease Term and at its own cost at least a policy or policies of standard fire, extended coverage and special extended coverage insurance ("All Risks" including energy systems coverage and a vandalism and malicious mischief endorsement, coverage for water damage contents, sprinkler leakage coverage and earthquake sprinkler leakage, in an amount equal to the full replacement value new without deduction for depreciation (with a deductible not to exceed One Thousand Dollars (\$1,000.00)), covering all Tenant's furniture, trade fixtures and personal property and leasehold improvements installed by or at the expense of Tenant and all alterations and additions thereto paid for by Tenant, and replacement cost insurance on all plate or tempered glass or enclosing (not including the exterior glass of the Tower) the Premises.

7.5 Additional Insurance Obligations. Tenant acknowledges and understands that Tenant may obtain business income (business interruption insurance) and extra expense coverage, with coverage amounts that shall reimburse Tenant for all direct or indirect loss of income and charges and costs incurred for all perils commonly insured against including prevention of, or denial of use of or access to, all or part of the Premises or Tower as a result of those perils at that if Tenant elects not to carry such insurance, any and all such losses shall be Tenant's responsibility and Tenant's risk at that the indemnity and exculpation provisions of this Lease including, but not limited to, those set forth in Sections 6.3 and 7 hereof shall apply to any such losses and claims relating thereto.

7.7 Waiver of Subrogation. Landlord and Tenant agree to cause the insurance company issuing the respective property insurance to waive any subrogation rights that those companies may have against Tenant or Landlord respectively, as long as the insurance is not invalidated by the waiver. Tenant shall also obtain a similar waiver with respect to any sublessees or other occupants of the Premises, provided that Tenant shall be bound to comply with the provisions of Article 11 hereof relating to any such individuals or entities. Provided the waivers of subrogation are contained in the respective insurance policies, Landlord and Tenant waive any right that either may have against the other on account of a loss or damage to their respective property to the extent that the loss or damage is insured under their respective property insurance policies or would have been insured against had the party carried the insurance as required by the provisions of the Lease.

7.9 No Liability. Tenant, on its behalf and on behalf of the Tenant Parties hereby waives all claims law, equity or otherwise, against Landlord and the Landlord Parties arising out of, and knowingly and voluntarily assumes risk of, and agrees that Landlord and the Landlord Parties shall not be liable to Tenant and the Tenant Parties for any injury to or death of any person, or loss of, injury to, or destruction of any intangible or tangible personal property, including the resulting loss of use, economic losses and consequential damages of any kind from any cause, except to the extent due the negligence or willful act of Landlord or the Landlord Parties. Further, neither Landlord nor any of the Landlord Parties shall be liable (i) for any such damage caused by other lessees or persons in or about the Project, or caused by quasi-public work; or (ii) for consequential damages arising out of any loss of the use of the Premises of any equipment or facilities there by Tenant or any person claiming through or under Tenant. Tenant agrees and acknowledges that Landlord would not be entered into this Lease except for the indemnification and exculpation provisions as set forth in this Article 7.

TENANT CHANGES/ALTERATIONS

8.1 Changes/Alterations. Except for (i) alterations, additions, and changes (collectively "Alterations" expressly required or permitted by this Lease and (ii) Permitted Alterations (as defined below), Tenant shall not make any Alterations in and to the Premises or any part thereof without the prior written consent of Landlord, which will not be unreasonably withheld. Notwithstanding anything to the contrary set forth in this Article 8, although ten (10) days advance written notice to Landlord is required, Landlord's consent shall not be required for any Alterations proposed by Tenant that (a) will cost less than Two Thousand Five Hundred Dollars (\$2,500) individually or Ten Thousand Dollars (\$10,000) cumulatively over the Lease Term to construct, (b) are non-structural and do not affect the Tower's electrical, mechanical or life safety systems or require a building permit, and (c) will not result in changes to the Premises or Tower that are visible from the outside of the Tower (the "Permitted Alterations"). Any construction undertaken in or to the Premises shall be performed in accordance with this Article. All Alterations (including but not limited to the Tenant Improvements as described in the Work Letter) in or to the Premises shall immediately become the property of Landlord and shall be surrendered to Landlord upon the expiration or sooner termination of the Term hereof, provided that Landlord may require Tenant to remove those Alterations and repair all damage caused by such removal at its sole cost and expense and with all due diligence if at the time Landlord approved the Alterations, Landlord informed Tenant that Landlord would require that such Alterations be removed. Tenant hereby indemnifies and holds Landlord, the Premises and the Project harmless from any liability, cost, obligation or expense (including, without limitation, reasonable attorneys' fees and expenses), or claim of lien in any manner relating to the installation, placement, removal or financing of any such alterations, repairs, changes, fixtures and/or equipment in, on or about the Premises, except for Tenant Improvements which Landlord is obligated to construct.

8.2 Manner of Construction. Landlord may impose, as a condition of its consent to all Alterations, repairs on or about the Premises, such requirements as Landlord in its sole discretion may deem desirable, including, but not limited to, the requirements that Tenant obtain bonds and cause its contractor to carry appropriate insurance and that Tenant utilize for such purposes only contractors, materials, mechanics and materialmen approved by Landlord. Tenant shall construct such Alterations or repairs in conformance with any and all applicable rules and regulations of any federal, state or county or municipal code or ordinance and pursuant to a valid building permit, issued by the City of San Diego. In any event a contractor approved by Landlord shall perform all mechanical, electrical, plumbing, air conditioning, permanent partitioning and ceiling tile work, and such work shall be performed at Tenant's cost. In the event Tenant orders any construction alteration, decorating or repair work directly from Landlord, or from the contractor approved by Landlord, the charges for such work shall be deemed additional rent under this Lease, payable upon billing therefor, either periodically during construction upon the substantial completion of such work, at Landlord's option. All work with respect to any Alterations or repairs must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the Premises shall at all times be a complete unit except during the period of work. Upon completion of any alterations, additions or changes, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Diego in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Tower management office a copy of the "as built" drawings of the Alterations, if the Alterations would customarily generate "as built". Any such Alterations shall be performed and done strictly in accordance with the laws and ordinances relating thereto. In performing the work of any such Alterations, Tenant shall have the work performed in such manner as not to obstruct the access to the Tower or the Building Common Area to any other tenant of the Tower.

8.3 Removal of Alterations. Tenant shall not be required to remove improvements to the Premises made by Landlord pursuant to the Work Letter. If, pursuant to the provisions of Section 8.1 above, Landlord requires Tenant to remove Alterations upon the expiration or sooner termination of this Lease, then Tenant, at its sole cost and expense, shall with all due diligence remove all those Alterations made by or for the account of Tenant, which Landlord has designated for removal and restoration. If Tenant fails promptly to commence and diligently pursue to completion such removal and restoration required by the provisions of this Article 8, Tenant shall pay to Landlord the cost of such removal and restoration such cost to include a reasonable charge for Landlord's overhead. Any Alterations required by Landlord to be removed shall be removed by Tenant and Tenant shall repair all damage caused by such removal, prior to the expiration of the Lease Term or within thirty (30) days after the date of earlier termination of this Lease, and any Alterations not so removed shall, at the option of Landlord, thereupon automatically become the property of Landlord. Tenant shall continue to pay rent for the portion of the Premises not completely vacated during such time together with all costs and expenses incurred by Landlord in removing, storing and disposing of such Alterations together with all costs and expenses of repair to and clean up of the Premises. Thereafter, Landlord may retain or dispose of in any manner the Alterations not so removed, without liability to Tenant.

ARTICLE 9

MECHANICS' LIENS

Tenant shall keep the Premises and the Project free from any mechanics', materialmen's or other liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant. Landlord shall have the right at all times to post and keep posted on the Premises any notice which it deems necessary for protection from such liens. If any such liens are filed and are not released or removed by payment or posting of a proper bond within ten (10) days after such filing, Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any obligations hereunder, cause such liens to be released by any means it shall deem proper, including payment of the claim giving rise to such lien, in which event all amounts paid by Landlord shall immediately be due and payable by Tenant in accordance with Article 24. Tenant hereby indemnifies and holds Landlord, the Premises and the Project harmless from any liability, cost, obligation, expense (including, without limitation, reasonable attorneys' fees and expenses), or claim of any mechanics', materialmen's or other liens in any manner relating to any work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant.

SIGNS

Subject to Landlord's prior written approval, in its sole discretion, and provided all signs are in keeping with the quality, design and style of the Tower, Tenant, if the Premises comprise an entire floor of the Tower, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises, provide that such signs must not be visible from the exterior of the Tower. If other tenants occupy space on the floor on which the Premises are located, Tenant's identifying signage shall be provided by Landlord and such signage shall be identical to that used by Landlord for other similar floors in the Tower. Any signs, notices, logos, pictures, names or advertisements which are installed that have not been individually approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant shall not install any signs in the windows, which are visible through the windows, or on the exterior or roof of the Tower or the Project, including, without limitation the Building Common Area.

ARTICLE 11

ASSIGNMENT AND SUBLETTING

11.1 Restrictions. Tenant shall not transfer, assign, sublet, mortgage or otherwise hypothecate the Lease, or Tenant's interest in and to the Premises, nor enter into any license or concession agreements with respect thereto nor permit any third party or parties other than Tenant, its authorized agents, employees, invitees and visitors to occupy the Premises or any portion thereof (hereinafter individually and collectively referred to as a "Transfer") without first procuring the written consent of Landlord. Any such attempted or purported Transfer, without Landlord's prior written consent, shall be void and of no force or effect and shall not confer any interest or estate in the purported transferee (the "Transferee"), shall constitute a default under this Lease and permit Landlord, at its election, to terminate this Lease. A Transfer shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of (i) more than twenty-five percent (25%) (in the aggregate) of the partnership, membership or corporate interest in Tenant and (ii) if Tenant is a partnership, limited liability company, or corporation whose shares are not traded on a public stock exchange, more than twenty-five percent (25%) (in the aggregate) of the interests in any owner of Tenant which owns more than a ten percent (10%) interest. The provisions of Section 11.2 constitute the sole means by which Landlord's consent may be requested. The consent of Landlord required hereunder shall not be unreasonably withheld; provided, however, that Landlord and Tenant agree that Landlord shall not be unreasonable for Landlord to withhold its consent to any proposed Transfer for any of the following reasons which are not exclusive:

11.1.1 The Transferee is not a reputable party of reasonable financial worth and financial stability in light of the responsibilities involved on the date consent is requested;

11.1.2 In the reasonable judgment of Landlord, the Transferee is of a character engaged in a business which is not in keeping with the standards of Landlord for the Tower;

11.1.3 In the reasonable discretion of Landlord, the Transferee would (i) create increased burdens upon the Tower facilities such as elevators, (ii) cause potential security problems or additional security concerns in the Tower, or (iii) result in a material increase in pedestrian usage or traffic in the Building Common Area in relation to uses other than those then occupying space in the Tower;

11.1.4 The Transferee's proposed use of the Premises will violate the terms of Article 5 of the Lease or will subject the Premises to possible contamination by Hazardous Materials;

11.1.5 With respect to a sublease only and except as otherwise permitted in this Lease, the terms of the proposed Transfer will allow the Transferee to exercise or require Tenant to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant;

11.1.6 The Transferee occupies space in the Tower at the time of the request for consent;

11.1.7 Tenant is in default under this Lease at the time of the request for consent or on the proposed effective date of the Transfer.

11.2 Procedure for Transfer. Should Tenant desire to make a Transfer hereunder, Tenant shall, in each instance, give written notice of its intention to do so to Landlord at least sixty (60) days prior to the effective date of such proposed Transfer, specifying in such notice the nature of such proposed Transfer and the proposed date thereof and specifically identifying the proposed Transferee. Such notice shall be accompanied, in the case of a subletting, license or concession agreement, by a copy of the proposed sublease, license or concession agreement, or if same is not available, by a letter of commitment or a letter of intent, and any other documents or financial information (including, without limitation, the (3) year's audited financial statements or if audited financial statements are not available, financial statements certified by the proposed Transferee) Landlord may require in order to make a determination as to the suitability of the Transferee based upon the criteria set forth in Section 11.1. Landlord shall, within thirty (30) days after its receipt of such notice of a proposed Transfer from Tenant, by mailing written notice to Tenant of its intention to do so pursuant to Section 11.1, either (i) withhold consent to the Transfer, or (ii) consent to such Transfer upon the terms and subject to the conditions provided for in Article 11 or (iii) elect to recapture or terminate pursuant to Section 11.3 below. Tenant acknowledges and agrees that the imposition of the conditions described in this Article 11 as a condition to Landlord's consent is reasonable.

11.3 Recapture Right. In lieu of giving or withholding consent pursuant to Section 11.2, Landlord may, at its option and subject to the subsequent provisions of this Section, elect to (a) construe such proposed Transfer as an offer to Landlord on the same terms and conditions as with the third party, which offer may be accepted at any time within thirty (30) days after receipt thereof, and if so accepted, such Transfer shall automatically be deemed consummated on all the terms and provisions set forth in such proposed Transfer (except that Landlord may further assign or otherwise transfer such

interest without Tenant's review or consent) or (b) terminate this Lease (or in the case of a proposed subletting or assignment of a portion of the Premises, elect to terminate this Lease as respects that portion) upon thirty (30) days' prior notice. In consideration for Landlord's right and election to construe the proposed Transfer as an offer to Landlord and/or terminate this Lease as set forth above, Landlord will release Tenant from liability under this Lease for future Base Monthly Rent and Direct Expenses with respect to the Premises (or the portion of the Premises subject to the proposed Transfer) in connection with the exercise of such right by Landlord accruing after the effective date of such termination. Landlord and Tenant agree and acknowledge that Landlord's right to recapture as set forth above is intended to permit Landlord to maintain control over the leasing of space in the Tower, to protect its interest in the Tower and the interest of any lenders and to prevent such interest from being impaired. Tenant understands the nature of this right and has approved the recapture provisions in consideration for Landlord's agreement to release Tenant from liability for future rent due with respect to the recaptured portion of the Premises pursuant to the provisions of this Section 11.2.

11.4 Effect of a Transfer. The Transferee shall agree to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease to the extent of the space transferred, assigned or sublet; and Tenant shall deliver to Landlord promptly after execution an executed copy of each such Transfer document between Tenant and the Transferee. No Transfer of this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from liability under this Lease. In connection with and as a condition to Landlord's consent to any sublease, such sublease shall provide that it shall be subject and subordinate to this Lease and to all mortgages; that Landlord may enforce the provisions of the sublease, including collection of rents; and that in the event of termination of this Lease for any reason, including without limitation a voluntary surrender by Tenant, or in the event of any reentry or repossession of the Premises by Landlord, Landlord may, at its option, either (i) terminate the sublease, or (ii) take over all of the right, title and interest of Tenant, as sublessor, under such sublease, in which case such sublessee shall attorn to Landlord but in such event Landlord shall not (a) be liable for any previous act or omission of Tenant under such sublease, (b) be subject to any defense or offset previously accrued in favor of the sublessee against Tenant, or (c) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by sublessee of more than one month's rent.

11.5 Transfer Rent Adjustment

11.5.1 Payment of Profit. In the event that Tenant shall make a permitted Transfer hereunder of all or any portion of the Premises (the "Transfer Space"), then the following shall apply: Tenant shall pay Landlord monthly, as additional rent, at the same time as the monthly installment of Base Monthly Rent required hereunder, fifty percent (50%) of the "Profit" payable by the Transferee pursuant to the terms reserved in the Transfer agreement, assignment or sublease. For purposes of this Section 11.4.1, "Profit" shall mean the difference between (i) all rent and other amounts paid or payable by the Transferee to Tenant pursuant to the terms of the Transfer which is in excess of the applicable Base Monthly Rent under this Lease and (ii) broker's commissions to unrelated third parties, tenant improvement costs and other amounts actually paid by Tenant in connection with such transfer to the extent reasonable and customary in the subleasing market in which the Tower is located.

11.5.2 Payment of Transfer Consideration. In addition to the foregoing, in the event Tenant shall make a permitted Transfer hereunder, fifty percent (50%) of the dollar amount of the funds or property, other than Base Monthly Rent and additional rent (the "Transfer Consideration"), transferred from Transferee to Tenant as consideration for the Transfer, exclusive of any reimbursements for tenant improvements which have been paid for by Tenant, shall be deemed additional rent owed to Landlord by Tenant under this Lease. Transfer Consideration shall include, but not be limited to, key money, bonus money and payments for services rendered by Tenant, its constituent partners or affiliates to Transferee or payments for assets, fixtures, inventory, accounts, goodwill, equipment, furniture, general intangibles, capital stock or equity ownership.

11.6 Required Documents. Each Transfer (whether or not Landlord has consented to such Transfer) shall be evidenced by a written instrument prepared by Tenant and in form satisfactory to Landlord, executed by Tenant and the Transferee, under which the Transferee shall agree in writing for the benefit of Landlord to assume, to perform and to abide by all of the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant, including the payment of all amounts due or to become due under this Lease directly to Landlord and the obligation to use the Premises only for the purpose specified in Article 5. Tenant agrees to reimburse Landlord for Landlord's reasonable attorneys' and administrative fees incurred in conjunction with the processing of, and documentation for, each such requested Transfer, whether or not the Transfer is consummated, not to exceed \$750.00 per request.

11.7 Consent of Landlord. With respect to Landlord's giving or withholding consent to a Transfer under this Article, Tenant hereby fully waives and relinquishes any right Tenant may have under California Civil Code Section 1995.310 or otherwise to terminate this Lease based upon Landlord's unreasonably withholding consent to a Transfer. Tenant further acknowledges and agrees that in the event of Tenant's assertion that Landlord is unreasonably withholding consent to a Transfer, Tenant shall in no event be entitled to terminate the Lease or offset the rent payable under this Lease, but shall instead be required to seek redress in a legal action or proceeding.

11.8 Event of Bankruptcy. If this Lease is assigned to any person or entity pursuant to the provisions of the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (the "Bankruptcy Code"), any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord, and shall not constitute the property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Landlord's property under this Section 11.8 not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid or delivered to Landlord. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment.

ARTICLE 12

REPAIRS AND MAINTENANCE

12.1 Landlord's Maintenance Obligations. Except as provided for in Article 14 of this Lease, Landlord shall repair and maintain the Building Common Area, public areas, and structural portions of the Tower, including the exterior walls, underflooring and roof, plumbing to the Building Common Areas, heating, air conditioning and electrical systems installed or furnished by Landlord and the life safety system, window treatments in the Premises, and shall replace light bulbs in the Premises, the cost of which shall be included in the Operating Expenses, unless such maintenance and repair becomes necessary in whole or in part due to the act, neglect, fault or omission of any duty by Tenant, its employees, agents, customers or invitees, or due to damage caused by a breaking and entering into the Premises, in which case Tenant shall pay to Landlord the entire cost of such maintenance and repair. The Base Monthly Rent and any additional rent shall not be reduced and Landlord shall not be liable for a loss of, or injury to, property, loss of profits, or for injury to or interference with Tenant's business arising from or in connection with the making of or Landlord's failure to make any repairs, maintenance, alterations or improvements in or to any portion of the Tower or in or to fixtures, appurtenances and equipment therein, unless caused by the negligence or willful misconduct of Landlord. Tenant hereby waives and releases its right to perform repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

12.2 Tenant's Maintenance Obligations. Tenant shall at its sole cost and expense keep and maintain in good and tenantable condition and repair in accordance with the terms of Article 8, the Premises and every part thereof, including, without limitation, the floor coverings, interior walls, ceiling (not including the ceiling tiles), doors, decoration (e.g., carpeting, painting, wall coverings, refinishing, etc.), plumbing fixtures, fixtures and equipment therein, excluding only those repair obligations assumed by Landlord in Section 12.1. Notwithstanding the foregoing, Landlord shall repair any defects in Tenant Improvements installed by Landlord in the Premises pursuant to the Work Letter for one (1) year following Substantial Completion of the Tenant Improvements (all capitalized terms in this sentence not defined in this Lease are defined in the Work Letter). Tenant shall not commit, or suffer to be committed, any waste in or upon the Premises, or do anything in or on the Premises which, in Landlord's sole opinion, detracts from the external appearance of the Tower. All damage or injury to the Premises, the Tower, or the Project caused by the act or negligence of Tenant, its employees, agents, invitees, permittees, licensees or contractors, shall be promptly repaired by Tenant, at its sole cost and expense, to the satisfaction of Landlord, and subject to such requirements respecting construction that Landlord may reasonably impose. Landlord may, but shall not be obligated to, make any repairs which are not promptly made by Tenant and to charge Tenant for the cost thereof. Subject to Section 12.1, should any standard or regulation now or hereafter be imposed on Tenant due to Tenant's particular use of the Tower by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations as to the Premises.

ARTICLE 13

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done on or about the Premises and/or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated (collectively, referred to hereinafter as "governmental measures"). At its sole cost and expense, Tenant shall promptly comply with all governmental measures arising from Tenant's particular use of the Tower. Tenant shall indemnify, defend and hold harmless Landlord from all liability, cost or obligation (including, without limitation, reasonable attorneys' fees and expenses) by reason of its failure to comply with such governmental measures.

ARTICLE 14

DAMAGE OR DESTRUCTION

14.1 Damage to Tower or Premises. Except as provided in Section 14.3, in the event of damage to or destruction of the Tower and/or the Premises to an extent not exceeding twenty five percent (25%) of the full insurable value thereof, and insurance proceeds sufficient to fully repair the damage have been made available therefore by the holder or holders of any mortgages or deeds of trust covering the Premises, the Tower or the Project, the damage shall be repaired by and at the expense of Landlord provided that in Landlord's commercially reasonable judgment such repairs can be completed within one hundred eighty (180) days of the date of the damage. If such repairs cannot be completed within one hundred eighty (180) days from the date of the damage, or if insurance proceeds received are insufficient to complete the repairs, or if the remaining Lease Term on the date of the damage is less than two (2) years, Landlord shall have the option, within ninety (90) days after the date of such damage to elect either to repair, in which this Lease shall remain in full force and effect or not to repair, in which event (i) if the Premises were damaged and not being occupied by Tenant, the Lease shall terminate as of the date of the damage or (ii) if the Premises were unaffected and being utilized by Tenant, the Lease shall terminate on a date provided by Landlord which shall be not less than thirty (30) and not more than sixty (60) days from the date of Landlord's notice to Tenant. Except as provided in Section 14.3, in the event of damage to or destruction of the Tower and/or the Premises to an extent exceeding twenty-five percent (25%) of the full insurable value thereof, at Landlord's option, as soon as reasonably possible thereafter, Landlord shall commence to repair the damage and prosecute the same diligently to completion, in which event this Lease shall remain in full force and effect. Notwithstanding the foregoing, Landlord shall have the option, within ninety (90) days after the date of such damage, to elect not to repair by providing written notice to Tenant in which event (i) if the Premises were damaged and not being occupied by Tenant, the Lease shall terminate as of the date of the damage or (ii) if the Premises were unaffected and being utilized by Tenant, the Lease shall terminate on a date provided by Landlord which shall be not less than thirty (30) and not more than sixty (60) days from the date of Landlord's notice to Tenant.

14.2 Tenant Right to Terminate. Notwithstanding anything to the contrary contained in this Article 14, if all or any part of the Premises or Tower is damaged or destroyed and Landlord determines in Landlord's commercially reasonable opinion that Tenant cannot be given reasonable use of and access to a fully repaired and restored Premises and

Tower within one hundred eighty (180) days of the date of the damage, then Tenant may terminate this Lease upon notice to Landlord, given at any time within sixty (60) days following the date of Landlord's determination; provided, however, Tenant may not exercise such cancellation right if Landlord elects to provide Tenant with reasonably comparable substitute premises in downtown San Diego at no additional cost or expense to Tenant. In the event there is a dispute between Landlord and Tenant as to whether any proposed premises are "reasonably comparable," and the parties are unable to resolve this dispute within ten (10) days after Landlord notifies Tenant of Landlord's procurement of the substitute premises, the parties agree the arbitration shall constitute the exclusive remedy for (1) settlement of any dispute or controversy concerning whether or not the substitute premises are "reasonably comparable" and/or (2) enforcement of the rights of the parties relating to this provision including whether or not this dispute is arbitrable. If either Landlord or Tenant desires to exercise its right pursuant to this paragraph, such party shall deliver written demand for arbitration to the other party, setting out the basis for the controversy. Any arbitration proceeding undertaken pursuant to this paragraph shall be held in front of a retired judge working with JAMS or another similar group, or if no such groups exists, a single neutral arbitrator shall be chosen by mutual agreement or, if the parties fail to agree, by the presiding judge of the San Diego Superior Court upon ex parte application. The arbitration shall take place in San Diego, California. The decision of the arbitrator shall be conclusive, final and binding upon Landlord and Tenant. Judgment upon the decision of the arbitrator may be entered in any court of competent jurisdiction. The cost of such arbitration (including any attorneys' fees incurred therein) shall be borne by the losing party as determined by the arbitrator.

14.3 Damage Due to Tenant's Fault. All damage or injury to the Premises or to the Tower caused by the negligent act or omission of Tenant, its employees, agents, invitees, licensees or contractors, shall be promptly repaired by Tenant at Tenant's sole cost and expense, to the satisfaction of Landlord.

14.4 Reconstruction. In the event of any reconstruction of the Premises by Landlord in accordance with the provisions of this Article 14, such reconstruction by Landlord shall be substantially to the condition that existed immediately prior to the damage or destruction, including Tenant's leasehold improvements to the extent of the Tenant Improvement Allowance only, but excluding Tenant's trade fixtures, furniture, equipment and other personal property in the Premises, which Tenant shall be required to repair or replace at its sole cost and expense, unless the damage was caused by Landlord's negligence (including Landlord's negligence in failing to maintain those items required under this Lease to be maintained by Landlord) or willful misconduct, in which case Landlord shall bear the cost. In the event that Tenant provides to Landlord insurance proceeds or sums necessary to fully complete Tenant's leasehold improvements, Landlord will fully complete such leasehold improvements. Nothing contained herein shall be deemed to grant to Tenant any right to receive any insurance proceeds of Landlord.

14.5 Destruction of Project. In the event the Project is damaged in a manner which has a material adverse effect on the operation of the Tower as determined by Landlord, notwithstanding that the Premises may be unaffected by such fire or other cause, Landlord shall have the right to terminate this Lease by giving to Tenant thirty (30) days' prior notice thereof, which notice shall be given, if at all, within sixty (60) days following the date of said occurrence. Rent shall be prorated as of the effective date of such termination.

14.6 Release. Upon any termination of this Lease under any of the provisions of this Article 14, Tenant and Landlord shall each be released thereby from any further obligations hereunder accruing after the effective date of such termination, except that such release shall not apply to any sums then accrued or due or to Tenant's obligations regarding surrender of the Premises, and at such time the remaining balance of any security deposit, less any sums Landlord is entitled to deduct, shall be returned to Tenant.

14.7 Rent Abatement. In the event of any repair, reconstruction and restoration as provided in Sections 14.1, 14.2 and 14.3, Tenant's rent shall be equitably abated proportionately with the degree to which Tenant's use of the Premises is impaired commencing from the date of destruction and continuing during the period of such repair, reconstruction or restoration, provided, however, that there shall be no rent abatement whatsoever if either (i) the damage is due to the act, omission, fault or neglect of Tenant or its employees, or agents or (ii) if the use and enjoyment of the Premises is not affected for more than two (2) business days of operation. Tenant understands that Landlord will not carry insurance of any kind on Tenant's furniture and furnishings or on any fixtures or equipment, inventory or other personal items removable by Tenant under the provisions of this Lease, that Landlord shall not be obligated to repair any damage thereto or replace the same, and that Tenant shall not be entitled to any compensation from Landlord for loss of the same or for loss of the use of the whole or any part of the Premises, or any inconvenience, interruption or annoyance occasioned to Tenant or its business by such damage, repair, reconstruction or restoration, except as hereinbefore specifically provided.

14.8 Waiver. In respect to any partial or total damage or destruction which Landlord is obligated to repair, Tenant agrees to restore under any of the provisions of this Lease, each party hereby waives the provisions of Sections 1932(2) and 1933(4) of the California Civil Code and any related, similar or successor provision of law.

ARTICLE 15

[Intentionally Deleted]

ARTICLE 16

[Intentionally Deleted]

ARTICLE 17

DEFAULTS; REMEDIES

17.1 Events of Default. The occurrence of any of the following shall constitute a default and material breach of this Lease by Tenant:

notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

17.3 Waiver of Default. No waiver by Landlord or Tenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord in enforcement of one or more of the remedies herein provided upon a default by Tenant shall not be deemed or construed to constitute a waiver of such default. The acceptance of any rent hereunder by Landlord following the occurrence of any default, whether or not known to Landlord, shall not be deemed a waiver of any such default, except only a default in the payment of the rent so accepted.

17.4 Additional Remedies Upon Default. In addition to any rights or remedies hereinbefore or hereinafter conferred upon Landlord under the terms of this Lease, the following remedies and provisions shall specifically apply in the event Tenant engages in any one or more of the acts contemplated by the provisions of Section 17.1.4 of this Lease:

17.4.1 In all events, any receiver or trustee in bankruptcy shall either expressly assume or reject this Lease within sixty (60) days following the entry of an "Order for Relief" or within such earlier time as may be provided by applicable law;

17.4.2 In the event of an assumption of this Lease by a debtor or by a trustee, such debtor or trustee shall within fifteen (15) days after such assumption (i) cure any default or provide adequate assurance that defaults will be promptly cured; (ii) compensate Landlord for actual pecuniary loss or provide adequate assurance that compensation will be made for actual pecuniary loss, including, but not limited to, all attorneys' fees and costs incurred by Landlord resulting from any such proceedings; and (iii) provide adequate assurance of future performance;

17.4.3 Where a default exists under this Lease, the trustee or debtor assuming this Lease may not require Landlord to provide services or supplies incidental to this Lease before its assumption by such trustee or debtor, unless Landlord is compensated under the terms of this Lease for such services and supplies provided before the assumption of such Lease;

17.4.4 The debtor or trustee may only assign this Lease if (i) it is assumed, (ii) adequate assurance of future performance by the assignee is provided, whether or not there has been a default under this Lease, and (iii) the debtor or trustee has received Landlord's prior written consent pursuant to the provisions of Section 11.1 of this Lease. Any consideration paid by any assignee in excess of the rental reserved in this Lease shall be the sole property of, and paid to, Landlord;

17.4.5 Landlord shall be entitled to the fair market value for the Premises and the services provided by Landlord (but in no event less than the rental reserved in this Lease) subsequent to the commencement of a bankruptcy event;

17.4.6 Any security deposit given by Tenant to Landlord to secure the future performance by Tenant of all or any of the terms and conditions of this Lease shall be automatically transferred to Landlord upon the entry of an "Order of Relief"; and

17.4.7 The parties agree that Landlord is entitled to adequate assurance of future performance of the terms and provisions of this Lease in the event of an assignment under the provisions of the Bankruptcy Code. For purposes of any such assumption or assignment of this Lease, the parties agree that the term "adequate assurance" shall include, without limitation, at least the following:

(i) Any proposed assignee must have, as demonstrated to Landlord's satisfaction, a net worth (as defined in accordance with generally accepted accounting principles consistently applied) in an amount sufficient to assure that the proposed assignee will have the resources to meet the financial responsibilities under this Lease, including the payment of all rent. The financial condition and resources of Tenant are material inducements to Landlord entering into this Lease.

(ii) Any proposed assignee must have engaged in the permitted use described in Article 5 hereof for at least five (5) years prior to any such proposed assignment.

(iii) In entering into this Lease, Landlord considered extensively Tenant's permitted use and determined that such permitted business would add substantially to the tenant balance in the Tower, and were it not for Tenant's agreement to operate only Tenant's permitted business on the Premises, Landlord would not have entered into this Lease. Landlord's operation of the Tower and the Project will be materially impaired if a trustee in bankruptcy or any assignee of this Lease operates any business other than Tenant's permitted business.

(iv) Any assumption of this Lease by a proposed assignee shall not adversely affect Landlord's relationship with any of the remaining tenants in the Tower or all or any portion of the Project taking into consideration any and all other "use" clauses and/or "exclusivity" clauses which may then exist under their leases with Landlord.

(v) Any proposed assignee must not be engaged in any business or activity which it will conduct on the Premises and which will subject the Premises to contamination by any Hazardous Materials.

17.5 Efforts to Relet. For the purposes of this Article 17, Tenant's right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession.

DEFAULT BY LANDLORD

ARTICLE 19

19.1 Permanent Taking. If the whole of the Premises or more than twenty-five percent (25%) of the rentable square feet thereof is taken under power of eminent domain or sold, transferred or conveyed in lieu thereof, either Landlord or Tenant shall have the right to terminate this Lease as of the earliest of the date of vesting of title or the date possession is taken by the condemning authority; such right shall be exercised by the giving of written notice to the other party on or before said date. If any part of the Tower other than the Premises or if any part of the Project which has a substantial adverse effect upon Landlord's ability to operate the Tower is taken under power of eminent domain or sold, transferred or conveyed in lieu thereof, Landlord may terminate this Lease at its option as of the earliest of the date of vesting of title or the date possession is taken by the condemning authority. In either of such events, Landlord shall receive the entire award which may be made in such taking or condemnation; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for Tenant's moving expenses, or the taking of the unamortized or the undepreciated value of Tenant's personal property, or that portion of the unamortized or undepreciated portion of Tenant's Improvements, which were not purchased with any funds from a tenant improvement allowance supplied by Landlord, or the value of Tenant's leasehold, but only to the extent that Tenant was paying below market rent and then for the difference between fair market value of the rent and the rent Tenant was paying. In the event of a taking of any material portion which is less than twenty-five percent (25%) of the Premises, or a sale, transfer, or conveyance in lieu thereof, or if this Lease is not terminated by Landlord or Tenant as provided above, then this Lease shall automatically terminate as to the portion of the Premises so taken as of the earliest of the date of vesting of title or the date possession is taken by the condemning authority, and the Base Monthly Rent as well as the additional rent shall be apportioned according to the ratio that the remaining rentable square feet of the Premises bears to the total rentable square feet of the Premises. If any part of the Project is taken and if such part affects Landlord's ability to perform any covenant contained in this Lease, then Landlord shall upon such taking be relieved of such covenant. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of California Code of Civil Procedure.

ARTICLE 20

Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to: (i) all matters of record; (ii) all ground leases or underlying leases now existing or hereafter executed affecting the Tower or all or any portion of the Tower Parcel; (iii) the lien of any mortgage or deed of trust now existing or hereafter executed in any amount for which the Tower or all or any portion of the Project, ground leases, underlying leases, or Landlord's interest or estate in any of said items is specified as security; and (iv) all matters described in Section 2.2. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or underlying leases or any such liens to this Lease. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become Tenant of the successor in interest to Landlord, at the option of such successor in interest. Tenant covenants and agrees to execute and deliver, within ten (10) days after request by Landlord and in the form requested by Landlord, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any such mortgage or deed of trust. If Tenant fails to timely execute such additional documents (i) Tenant hereby appoints Landlord as Tenant's attorney-in-fact for the sole purpose of executing such additional documents on behalf of Tenant and (ii) such failure shall constitute a default under this Lease and Landlord may, at its election, terminate this Lease.

ARTICLE 21

SALE OF BUILDING OR REAL PROPERTY BY LANDLORD

Each conveyance by Landlord of Landlord's interest in the Tower or the Tower Parcel prior to expiration or termination hereof shall be subject to this Lease and shall relieve the grantor of any further obligations or liability as Landlord, and Tenant shall look solely to Landlord's successor in interest for all future obligations of Landlord. Tenant hereby agrees to attorn to Landlord's successors in interest, whether such interest is acquired by sale, transfer, foreclosure, deed in lieu of foreclosure or otherwise. The term "Landlord" as used in this Lease, so far as covenants and obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner at the time in question of the fee title of the Premises or the lessee under a ground lease, if any. Without further agreement, the transferee of such title shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder during its ownership of the Premises. Landlord may transfer its interest in the Premises without the consent of Tenant.

ARTICLE 22

HOLDOVER BY TENANT

22.1 Holdover by Tenant. If Tenant holds over after expiration of the Lease Term, without the express written consent of Landlord, Tenant shall become a tenant at sufferance, or in the sole and absolute discretion of Landlord, a month-to-month tenant, subject to each and all of the terms of this Lease as may reasonably and logically be construed as applicable to a tenancy at sufferance or a month-to-month tenancy, and any holding over and shall not constitute a renewal hereof or an extension for any further term. During such holding over, Base Monthly Rent shall be payable at a monthly rate equal to twice the Base Monthly Rent applicable during the last rental period of the Lease Term plus all additional rent provided in this Lease. Nothing contained in this Article 22 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease.

22.2 Failure to Surrender. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall indemnify and hold Landlord harmless from all loss or liability resulting from such failure, including, without limitation, any claims made by any succeeding tenant founded upon such failure to surrender.

ARTICLE 23

ESTOPPEL CERTIFICATES

23.1 Estoppel Certificates. Within ten (10) days following a request in writing by Landlord and receipt of the requested estoppel certificate by Tenant, Tenant shall execute and deliver to Landlord an estoppel certificate substantially in the form of Exhibit C indicating therein any exceptions thereto that may exist at that time, which certificate shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee or any investor in or prospective purchaser of the Tower or all or any portion of the Project. Failure of Tenant to timely execute and deliver such estoppel certificate shall constitute (i) an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception, and may be relied upon by the persons referred to in the preceding sentence and (ii) a default under this Lease and Landlord may, at Landlord's option, terminate this Lease.

ARTICLE 24

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

24.1 Landlord's Cure. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Base Monthly Rent or additional rent. If Tenant shall default in the performance of its obligations under this Lease and if such default is not cured within the applicable grace period provided in Article 17, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its right based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

24.2 Tenant's Reimbursement. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within thirty (30) days after delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 24.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 7; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Base Monthly Rent or additional rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable attorneys' fees and expenses and other amounts so expended. Tenant's obligations under this Section 24.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 25

QUIET ENJOYMENT

Upon Tenant paying the Base Monthly Rent and all additional rent and performing all of Tenant's covenants and obligations under this Lease as and when required pursuant to the terms of this Lease, Tenant may peacefully and quietly enjoy the Premises during the Lease Term as against all persons or entities lawfully claiming by or through Landlord, subject, however, to the provisions of this Lease, and to any mortgages or ground or underlying leases of all or any portion of the Project and other matters to which this Lease is subordinate.

ARTICLE 26

ENTRY BY LANDLORD

26.1 Landlord's Entry. Landlord reserves the right at all reasonable times and upon reasonable notice (in no event less than 24 hours verbal or written notice, except in case of emergency) to Tenant to enter the Premises to: (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to the ground or underlying lessors; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Tower if necessary to comply with current building codes or other applicable laws, or for structural alterations, repairs or improvements to the Tower. Notwithstanding anything to the contrary contained in this Article 26, Landlord may enter the Premises at any time to (x) perform services required of Landlord; (y) take possession due to any breach of this Lease in the manner provided herein; and (z) perform any covenants of Tenant which Tenant fails to perform. Landlord may make any such entries without the abatement of rent and may take such reasonable steps as are required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby, except to the extent caused by Landlord's negligence or willful misconduct. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises. In an emergency, Landlord shall have the right to use any means Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises.

26.2 Entry Regarding Presence of Hazardous Materials. Landlord reserves the right at all reasonable times to enter and inspect the Premises and conduct any testing, sampling and analyses it deems necessary. Such testing shall be at Tenant's expense if Landlord has a reasonable basis for suspecting and confirms the presence of Hazardous Materials in, on, under, or about the Premises, the Tower or the Project which has been caused by or resulted from the activities of Tenant, its agents, employees, contractors or invitees (except those nominal amounts of Hazardous Substances as are normal and customary for general office usage). Upon termination of this Lease, or abandonment of the Premises by Tenant for any reason, Tenant shall remove all of its equipment, materials, and other items which may cause, contribute to, or result in Hazardous Materials contamination and investigate, remedy, and clean up any Hazardous Materials contamination caused by Tenant, its agents, employees, contractors or invitees. At any time during the Lease Term, Tenant shall, at its sole cost and expense, if required by Landlord or any governmental agency, promptly take whatever steps are necessary to stop any and all equipment, materials, and other items which may cause, contribute to, or result in Hazardous Materials contamination from causing, contributing to, or resulting in such contamination, and shall investigate, remedy, and clean up any Hazardous Materials contamination caused by Tenant, its agents, employees, contractors or invitees.

ARTICLE 27

TENANT PARKING

Tenant shall, in compliance with applicable governmental rules, regulations and conditions, and such rules and regulations as may be adopted from time to time by Landlord, lease unreserved and unmarked parking spaces in the parking structure adjacent to the Project located at 901 7th Avenue, San Diego, California, 92101 (the "Parking Structure") throughout the Lease Term in the amount set forth in Section 13 of the Summary. Tenant's continued right to use the parking spaces is conditioned upon Tenant abiding by all rules and regulations which Landlord shall prescribe from time to time for the orderly operation and use of the Parking Structure and Tenant's cooperation with Landlord in compliance with such rules and regulations by Tenant's employees and visitors. Landlord specifically reserves the right to control and operate the Parking Structure and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of rent under this Lease, from time to time, close off or restrict access to the Parking Structure for purposes of permitting or facilitating any construction, alteration or improvements. Tenant shall pay to Landlord for automobile parking spaces on a monthly basis the rate charged for parking spaces as set forth in Section 13 of the Summary.

ARTICLE 28

LANDLORD'S RIGHT TO RELOCATE PREMISES

Landlord shall have the privilege of moving Tenant to comparable space to the Premises in the Tower, and all terms hereof shall apply to the new space with equal force. Comparable space shall mean space on the same or higher floors in the Tower having the same or comparable views. In such event, Landlord shall give Tenant at least thirty (30) days' prior written notice, shall provide Tenant, at Landlord's sole cost and expense, with tenant improvements at least equal in cost to those in the Premises and shall move Tenant's effects to the new space at Landlord's sole cost and expense at such time and in such manner as to inconvenience Tenant as little as practicable. Simultaneously with such relocation of the Premises, the parties shall immediately execute an amendment to this Lease stating the relocation of the Premises.

SURRENDER OF PREMISES; OWNERSHIP AND
REMOVAL OF TRADE FIXTURES

29.1 Surrender of Premises. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises.

29.2 Removal of Tenant Property by Tenant. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 29, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed (including, those items which are to be removed pursuant to Section 8.1 but excluding the tenant improvements which are the property of Landlord and which Tenant may not remove), and Tenant shall repair at its own expense all damage to the Premises, the Tower and all or any portion of the Project resulting from such removal.

29.3 Removal of Tenant's Property by Landlord. Whenever Landlord shall re-enter the Premises as provided in this Lease, any personal property of Tenant not removed by Tenant upon the expiration of the Lease Term, or within forty-eight (48) hours after a termination by reason of Tenant's default as provided in this Lease, shall be deemed abandoned by Tenant and may be disposed of by Landlord in accordance with Sections 1980 through 1991 of the California Civil Code and Section 1174 of the California Code of Civil Procedure, or in accordance with any laws or judicial decisions which may supplement or supplant those provisions from time to time.

29.4 Landlord's Property. All fixtures, alterations, additions, repairs, improvements and/or appurtenances attached to or built into, on, or about the Premises prior to or during the Lease Term and paid for in whole or in part by Landlord, shall be and remain part of the Premises and shall not be removed by Tenant at the end of the Lease Term, unless otherwise expressly provided for in this Lease or unless such removal is required by Landlord pursuant to the provisions of Article 8. As to fixtures paid for solely by Tenant and provided they can be removed and the damage caused by such removal repaired so as to retain the integrity of the Premises, Tenant may remove them at the expiration of the Lease Term provided Tenant repairs, at its own cost and expense, all such damage occasioned by such removal. All other fixtures installed by Tenant shall, at the expiration or earlier termination of this Lease, be the sole property of Landlord. If Tenant shall fail to complete such removal and repair such damage, Landlord may do so and may charge the cost thereof to Tenant. Fixtures, alterations, additions, repairs, improvements and/or appurtenances shall include, without limitation, floor coverings, window coverings, paneling, molding, doors, kitchen and dishwashing fixtures and equipment, plumbing systems, electrical systems, lighting systems, silencing equipment, communication systems, all fixtures and outlets for the systems mentioned above and for all telephone, radio, telegraph and television purposes, and any special flooring or ceiling installations.

29.5 Landlord's Actions on Premises. Tenant hereby waives all claims for damages or other liability in connection with Landlord's re-entering and taking possession of the Premises or removing, retaining, storing or selling the property of Tenant as herein provided, and Tenant hereby indemnifies and holds Landlord harmless from any such damages or other liability, and no such re-entry shall be considered or construed to be a forcible entry.

ARTICLE 30

MISCELLANEOUS PROVISIONS

30.1 Severability; Equitable Adjustment. It is agreed that if any provision of this Lease shall be determined to be void or voidable by a court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is further agreed that if any provision of this Lease regarding the payment of rent or other charges shall be determined by a court of competent jurisdiction to be void or voidable, then the Base Monthly Rent payable by Tenant shall be equitably adjusted upward in a manner that complies with all applicable laws, ordinances, rules and regulations to account for the loss of rent or other charges. Such equitable adjustment may be done both retroactively and prospectively.

30.2 Entire Agreement. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, including, without limitation, the provisions of any and all letters of intent executed by and between the parties, and none thereof shall be used to interpret or construe this Lease. This Lease contains all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to tenant improvements, parking, landlord concessions, rental, use and occupancy of the Premises, shall be considered to be the only agreement between the parties hereto and their representatives and agents, and none of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations

and agreements contained in this Lease. All Exhibits attached to this Lease are incorporated herein and made a part hereof by this reference.

30.3 Right to Lease. Landlord reserves the absolute right to effect such other tenancies in the Tower and the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Tower and the Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Tower.

30.4 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to rental and other charges to be paid by Tenant pursuant to this Lease.

30.5 Cumulative Rights. The various rights, options, elections, powers and remedies contained in this Lease shall be construed as cumulative and no one of them shall be exclusive of any of the others, or of any other legal or equitable remedy which either party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such party shall not impair its right to any other right or remedy until all obligations imposed upon the other party have been fully performed.

30.6 Time. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Lease.

30.7 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or joint venture or of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

30.8 Limitation of Liability. In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord: (i) the sole and exclusive remedy shall be against the Landlord's interest in the Tower; (ii) no partner, affiliate, member or manager of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of Landlord); (iii) no service of process shall be made against any partner, affiliate, member or manager of Landlord (except as may be necessary to secure jurisdiction of Landlord); (iv) no partner, affiliate, member or manager of Landlord shall be required to answer or otherwise plead to any service of process; (v) no judgment will be taken against any partner, affiliate, member or manager of Landlord; (vi) any judgment taken against any partner, affiliate, member or manager of Landlord may be vacated and set aside at any time nunc pro tunc; (vii) no writ of execution shall be levied against the assets of any partner, affiliate, member or manager of Landlord; and (viii) the obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, affiliates, members, managers, directors, officers or shareholders of Landlord, and Tenant shall not seek recourse against the individual partners, affiliates, members, managers, directors, officers or shareholders of Landlord or any of their personal assets for satisfaction of any liability in respect to this Lease.

30.9 Receipt of Money. No receipt of money by Landlord from Tenant after the termination of this Lease, the service of any notice, the commencement of any suit or final judgment for possession shall reinstate, continue or extend the term of this Lease or affect any such notice, demand, suit or judgment.

30.10 No Memorandum of Lease. Tenant shall not record this Lease without the express written consent of Landlord, and shall execute, acknowledge and deliver at any time after the date of this Lease, at the request of Landlord, a "memorandum of lease" suitable for recording.

30.11 Waiver of Redemption by Tenant. Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

30.12 Notices. All notices, demands, statements or communications (collectively, "Notices") given or required to be given by either party to the other hereunder shall be in writing, shall be sent by United States certified or registered mail, postage prepaid, return receipt requested, or delivered personally (i) to Tenant at the appropriate address set forth in Section 5 of the Summary, prior to the Lease Commencement Date and to the Premises subsequent to the Lease Commencement Date or to such other place as Tenant may from time to time designate in a Notice to Landlord; or (ii) to Landlord at the addresses set forth in Section 3 of the Summary, or to such other firm or to such other place as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given two (2) days after the date it is mailed as provided in this Section 30.12 or upon the date personal delivery is made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given an additional period of thirty (30) days to cure any default by Landlord prior to Tenant exercising any remedy available to Tenant, provided, however, if the nature of the default is such that more than an additional thirty (30) days is reasonably required to effect a cure, such mortgagee or ground or underlying lessor shall be given a reasonable additional period of time to cure such default prior to Tenant's exercising any remedy available to Tenant. Such period of time shall include time to obtain possession of the Premises by power of sale, judicial foreclosure or in any other reasonable manner, if necessary to effect a cure.

30.13 Successors. The Lease and all of the covenants and conditions herein contained shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, assigns and other successors in interest of each of the parties; provided that the foregoing shall not be deemed to permit any assignment or sublease under this Lease not otherwise expressly permitted by the terms hereof.

30.14 Captions. The titles or captions in this Lease are for reference purposes only and have no effect upon the construction or interpretation of any part hereof. The use herein of the singular includes the plural and vice versa, and the use herein of the neuter gender includes the masculine and the feminine and vice versa, whenever and wherever the context so requires.

30.15 Joint and Several. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

30.16 Authority. If Tenant is a corporation, limited liability company or partnership, or if any general partner(s) of Tenant is a corporation, then each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant (or such corporate partner, as the case may be) is a duly formed and existing entity qualified to do business in California and that Tenant (or such corporate partner, as the case may be) has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant (or such corporate partner, as the case may be) is authorized to do so.

30.17 Attorneys' Fees. If either party commences litigation against the other for the specific performance of this Lease, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the parties hereto agree that in the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred. Further, if Landlord is named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy hereunder, Tenant shall be obligated to pay to Landlord, in addition to all other amounts for which Tenant is obligated hereunder, all of Landlord's reasonable costs and expenses incurred in connection with any such acts, including reasonable attorneys' fees.

30.18 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California.

30.19 Lender Modification. If, in connection with obtaining any loans including but not limited to a construction loan, permanent financing or refinancing for the Project or the Tower, a lender shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder or materially adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

30.20 Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

30.21 Brokers. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 14 of the Summary which will be paid by Landlord pursuant to separate agreement, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent other than that specified herein.

30.22 Independent Covenants. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the rent or other amounts owing hereunder against Landlord; provided, however, the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as notice is first given to Landlord, any ground lessor, and any holder of a mortgage or deed of trust covering the Tower or all or any portion of the Project (of whose address Tenant has theretofore been notified) and an opportunity is granted to Landlord, such ground lessor and such holder to correct such violations as provided above.

30.23 Tower Name and Project Construction. Landlord shall have the right at any time to change the name or address of the Tower or the Project, to change the size of the Tower Parcel or all or any portion of the Project or Building Common Area, to construct other buildings or improvements on any portion of the Tower Parcel or all or any portion of the Project, to change the location and/or character of or to make alterations or additions to the Tower Parcel or all or any portion of the Project. Landlord also retains the right to use the common areas while engaged in making additional improvements, repairs or alterations to the Tower or the Project, or any portion thereof, and to close temporarily any of the common areas for maintenance purposes so long as reasonable access to the Premises remains available. Tenant acknowledges that Landlord plans to (but shall have no obligation to) perform substantial renovation, rehabilitation and renovation work to the Tower and the adjacent parking garage and that Tenant shall have no right, claim or remedy arising out of such work, or the inconvenience or disruption caused by such work, so long as Tenant has access to and use of the Premises. Tenant shall not use the Tower or Project names for any purpose other than as a part of its business address. Any use of such name in the designation of Tenant's business shall constitute a default under this Lease.

30.24 Health and Safety. If at any time during the term of this Lease, it shall be determined by rule, regulation or competent authority of any governmental or quasi-governmental entity having jurisdiction over the Premises or the Project, that any material, substance, service equipment, or system must be installed in or removed from the Premises or the Tower in order to protect or maintain the health or safety of Tenant or those entering upon or working within the Premises or the Tower, Landlord shall make such installation or removal and the cost of such installation or removal shall be paid by Tenant if due to the particular or unique use of the Premises by Tenant or if, the installation or removal of any such material, substance, service or equipment is occasioned by the fault of Tenant.

30.25 Lender Approval. Notwithstanding any other provision hereof, the effectiveness of this Lease is expressly conditioned upon receipt by Landlord of a approval of the Lease by Landlord's lender(s).

30.26 No Discrimination. Tenant covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of sex, marital status, race, color, creed, religion, national origin or ancestry in the leasing, subleasing, renting, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased, nor shall Tenant itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the Premises herein leased.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed and delivered this Lease as of the day and year first above written.

"Landlord":

707 Broadway, LLC,
a California limited liability company

By: 707 Partners, L.P.,
a California limited partnership, Manager

By: California Traditions, Inc.,
a California corporation, General Partner

By: _____
Name: Christopher S. McKellar
Title: CEO

By: _____
Name: Jeff E. Johnson
Title: Senior Vice President

"Tenant":

The City of San Diego,
a California municipal corporation

By: _____
Name: Tim C. Rothans
Title: Real Estate Assets Deputy Director

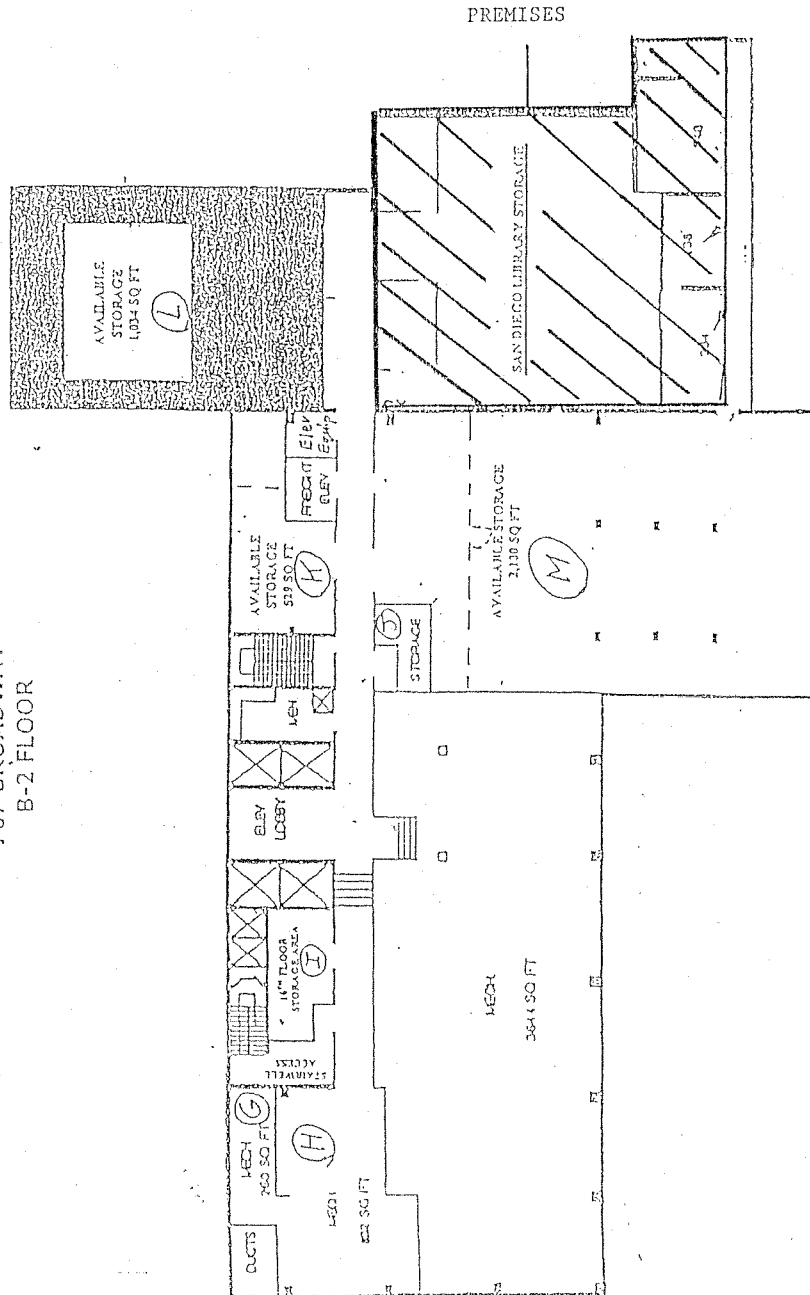
Approved as to form and legality this 23rd day of August 2001.

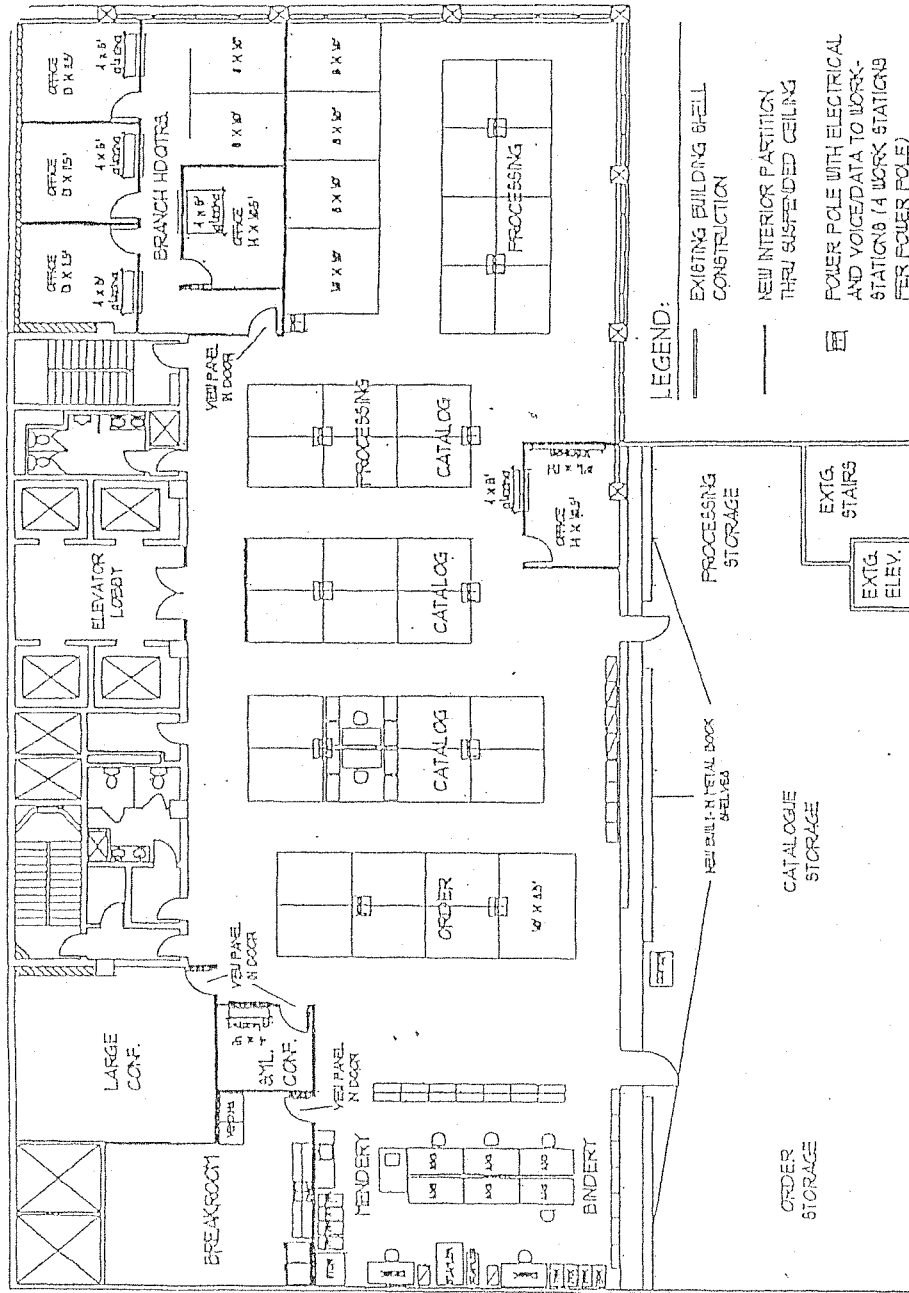
Casey Gwinn, City Attorney

By: _____
Debra J. Bevier
Deputy City Attorney

0-18966

707 BROADWAY
B-2 FLOOR





SPACE PLAN

2/02/01

1 Revised 2/07/01

2 Revised 5/10/01

3 Revised 5/21/01

CITY OF SAN DIEGO PUBLIC LIBRARY

707 Broadway / Suite 300

San Diego, CA 92101

WORK LETTER

707 Broadway, LLC, a California limited liability company, as Landlord, and The City of San Diego, a California municipal corporation, as Tenant, as of this 11th day of JUNE, 2001, are executing simultaneously with this Work Letter ("Work Letter") a written lease (the "Lease") covering 14,612 usable square feet on the third floor and B-2 basement area of the office building located at 707 Broadway, San Diego, California 92101 (the "Premises"). Capitalized terms not otherwise defined in this Work Letter shall have the meanings given to them in the Lease.

This Work Letter defines the scope of Tenant Improvements (as defined below) which Landlord shall be obligated to construct or install in the Premises. If there is a conflict between the terms and provisions hereof and in the Lease, the terms and provisions of this Work Letter shall control. In order to induce Tenant to enter into the Lease and in consideration of the mutual covenants hereinafter contained, Landlord and Tenant mutually agree as follows:

SECTION 1

TENANT'S SCHEMATIC DESIGN DOCUMENTS AND CONSTRUCTION DOCUMENTS.

1.1 Schematic Design Documents. Tenant and Landlord have agreed upon Schematic Design Documents as attached hereto as Schedule "B-1" ("Schematic Design Documents").

1.2 Preparation of Construction Documents. Promptly following execution of this Lease, the Landlord shall have prepared and furnished to Tenant proposed construction documents (the "Construction Documents") for Tenant's reasonable review and approval. Tenant will, no later than three (3) business days after receipt of the proposed Construction Documents either (i) approve the Construction Documents or (ii) disapprove the Construction Documents by providing Landlord with written notice of the specific items disapproved and the reasons for such disapproval. Notwithstanding the foregoing, in no event shall Tenant be entitled to disapprove the Construction Documents to the extent that they are consistent with the Schematic Design Documents. Tenant's failure to disapprove the proposed Construction Documents in writing during such three (3) business day period shall be conclusively deemed Tenant's approval of the Construction Documents. In the event Tenant disapproves the proposed Construction Documents in accordance with the terms and conditions of this Paragraph 1.2, Landlord and Tenant will meet with Landlord's Contractor within five (5) calendar days of Landlord's receipt of such disapproval in order to agree upon modifications to the proposed Construction Documents which would be acceptable to both Landlord and Tenant.

1.3 Permits. Following the parties' approval of the Construction Documents, Landlord shall promptly submit the approved Construction Documents to the applicable governmental authorities in order to obtain all required permits and other approvals for the construction of the Tenant Improvements. If Landlord is unable to obtain all required permits and approvals, Landlord may unilaterally make any non-material modifications to the Construction Documents necessary to obtain all required permits and approvals. If material modifications to the Construction Documents are required to obtain the required permits and/or approvals, Landlord will obtain Tenant's consent to such modifications (which consent shall not be unreasonably withheld, delayed or conditioned) prior to commencing construction of the Tenant Improvements.

1.4 Design Team. Landlord's Space Planner and Landlord's Contractor and its subcontractors and consultants for the Tower (collectively the "Contractor"), will complete all plans and documents required under this Work Letter. In order to ensure compliance with base building standards, the Landlord's structural engineer shall have the right to approve all items which are non-standard tenant improvements and which may affect the base building. Such items include but are not limited to interior stairwells and structural reinforcement necessary for Tenant's needs.

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvements. All improvements to the Premises to be constructed by Landlord before Landlord delivers possession of the Premises to Tenant shall constitute the "Tenant Improvements." Landlord shall at its cost construct the improvements set forth in the Schematic Design Documents and the Construction Documents and shall pay for all cost of preparing the Schematic Design Documents and the Construction Documents. The Tenant Improvements are and shall remain Landlord's property and shall be surrendered to Landlord upon expiration or earlier termination of the Lease in accordance with the provisions of the Lease and shall not be removed by Tenant or required by Landlord to be removed by Tenant.

Tenant may contract directly with San Diego Data Processing to install computer and information systems cabling to the Premises. Landlord shall pay San Diego Data Processing directly up to \$80,000.00 of Tenant's cost to install computer and information systems cabling to the Premises. Landlord shall make its payment or payments within twenty (20) days after presentation by Tenant of invoices for the completed work which shall include a written statement signed by Tenant that the work set forth in the invoices has been completed and Tenant's written request that Landlord pay the amounts set forth in the invoices.

2.2 Premises Furnishings. It is expressly understood that Landlord's obligation to construct Tenant Improvements in the Premises is limited to construction of the Tenant Improvements specifically contemplated by the Construction Documents. Tenant shall be solely responsible for the performance and expense of the design, layout, provision, delivery and installation of any furniture, furnishings, telephone systems, office equipment, and any other personal property Tenant will use at the Premises (except for cable installation to be provided by Landlord as set forth in Section 2.1 above).

CONSTRUCTION OF TENANT IMPROVEMENTS

SECTION 5

CHANGE ORDERS

Tenant may request changes in the work during construction only by written request to Landlord's Representative (designated in Section 11 below) on a form approved by Landlord. All such change order requests will be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld. Prior to commencing any change, Landlord will prepare and deliver to Tenant, for Tenant's approval, a change order (the "Change Order") setting forth the total costs of such change which will include associated architectural, engineering and construction contractor's fees. If Tenant fails to approve such Change Order within five (5) days after delivery by Landlord, Tenant will be deemed to have withdrawn the proposed Change Order and Landlord will not proceed to perform the change. Upon Landlord's receipt of Tenant's approval, Contractor will proceed to perform the change and Tenant will pay to Landlord for such Change Order promptly upon completion of the work called for by such Change Order. Any delays to Substantial Completion caused by the Change Order shall be a Tenant Delay. All costs of processing any completed Change Order, shall be at Tenant's sole cost and expense.

SECTION 6

TENANT IMPROVEMENT STANDARDS

Neither the Construction Documents (including any revisions requested by Tenant) nor any requested Change Orders or other work requested by Tenant shall require work which: (i) may exceed or may affect the structural integrity of the Tower, or any part of the heating, ventilating, air conditioning, plumbing, mechanical, electrical, communication or other systems of the Tower; (ii) is not approved by the holder of any mortgage or deed of trust encumbering the Tower or any ground Lessors of the Tower; (iii) would not be approved by a prudent owner of property similar to the Tower; (iv) violates any agreement which affects the Tower or binds Landlord; (v) Landlord believes will increase the cost of operation or maintenance of any of the systems of the Tower; (vi) Landlord believes will reduce the market value of the Premises or Tower at the end of the Lease Term; (vii) does not conform to applicable building codes or is not approved by any governmental authority with jurisdiction over the Premises; (viii) is not a Building Standard item or an item of equal or higher quality; (ix) in Landlord's determination detrimentally affects the uniform exterior appearance of the Tower; or (x) is reasonably disapproved by Landlord for any other reason not set forth herein. Notwithstanding the foregoing, the Schematic Design Documents are approved and Landlord shall construct the Tenant Improvements called for in the Schematic Design Documents.

Landlord's review of the Schematic Design Documents and the Construction Documents as set forth in this Work Letter shall be for the purposes as described herein and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, code compliance or other like matters. Accordingly, notwithstanding that any Schematic Design Documents and/or Construction Documents are reviewed by Landlord or any space planner, architect, engineer or consultant of Landlord and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or space planner, architect, engineer, construction manager, and consultant of Landlord, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Schematic Design Documents and/or the Construction Documents.

SECTION 7

TENANT WORK

All finish and decorative work desired by Tenant and not included within the Tenant Improvements as set forth in the approved Construction Documents, including specifically, without limitation, all computer systems, telephone systems, telecommunications systems and other similar items (not including Landlord's obligation for cable installation as set forth in Section 2.1 above) (the "Tenant Work") shall be furnished and installed by Tenant at Tenant's sole cost. No delay in installation of the Tenant Work shall result in any extension of the Lease Commencement Date. Notwithstanding anything herein to the contrary, Tenant shall not be permitted to install or construct any Tenant Work which may modify the structural, mechanical, electrical or plumbing elements of the Premises and/or the Tower without first obtaining Landlord's prior written consent to any such Tenant Work. If any Tenant Work requires (i) modifying any structural, mechanical, electrical or plumbing elements of the Premises or the Tower, or (ii) obtaining permits and/or approvals from any governmental agencies, Tenant shall secure Landlord's prior consent for such Tenant Work in the same manner and following the same procedures provided for in Section 1 of this Work Letter. Tenant shall not commence the construction or installation of any improvements on the Premises, including, specifically, the Tenant Work, without Landlord's prior written approval of: (i) Tenant's contractor or vendor, (ii) detailed plans and specifications for the Tenant Work (if applicable), (iii) a certificate(s) of insurance accurately showing that Tenant's contractor or vendor maintains insurance coverage in amounts, types, form and with companies reasonably acceptable to Landlord, and (iv) all other applicable terms and provisions of the Lease. Nothing herein shall be construed as requiring Landlord to approve any Tenant Work. All certificates or policies related to Tenant alterations or improvements shall be endorsed to show Landlord as an additional insured and insurance shall be maintained by Tenant or Tenant's contractor at all times during the performance of the Tenant Work.

TENANT OBLIGATIONS

8.2 Risk of Loss. All materials, work, installations and decorations of any nature brought upon or installed in the Premises before the Lease Commencement Date shall be at the risk of the party who brought such materials or items onto the Premises. In the event that Tenant enters the Premises to perform Tenant's Work in the Premises pursuant to the license granted herein, all provisions of the Lease, excluding the obligation to pay Base Monthly Rent, but specifically including the provisions of Lease Sections 7.7 and 7.8, shall apply to such entry and Tenant's Work. Tenant agrees that it is liable to Landlord for any damage to the Premises and to any portion of the work in the Premises caused by Tenant or any of Tenant's employees, agents, licensees or invitees.

8.4 Tenant Cooperation. Tenant shall use its best good faith efforts and all diligence to cooperate with Landlord's Space Planner, Landlord's Contractor and Landlord's consultants and to do all things necessary or advisable to cause, the Construction Documents to be prepared and approved, and to cause the Tenant Improvements to be constructed, all in accordance with the time schedules and budgets provided for herein or subsequently agreed to.

SECTION 9

LIENS

SECTION 10

TENANT'S REPRESENTATIVE

001-110-101-7001 (code of LIBRARY) City of San Diego, San Diego, CA 92101

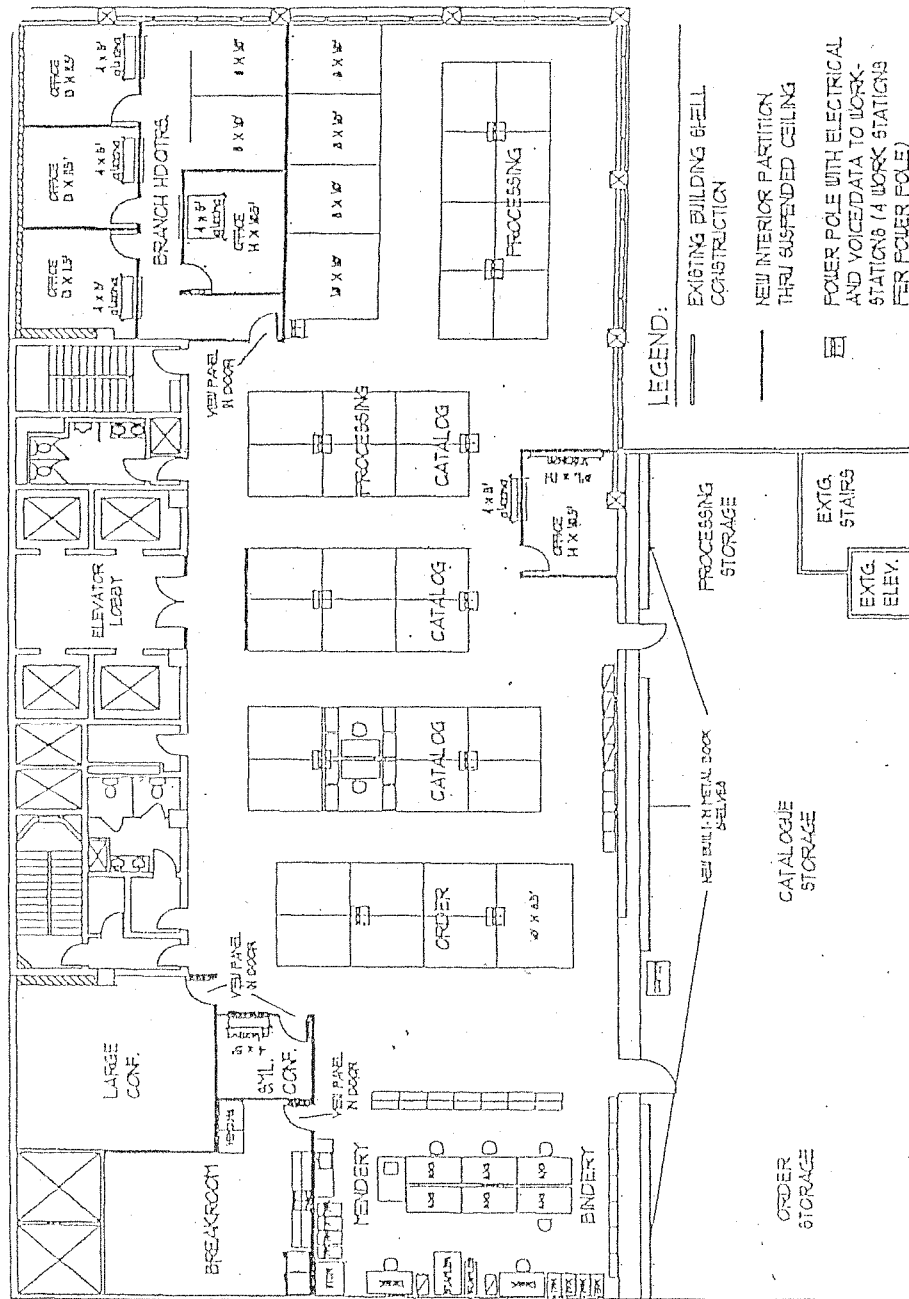
LANDLORD'S REPRESENTATIVE

SECTION 12

IN WITNESS WHEREOF, Landlord and Tenant have duly executed and delivered this Work Letter as of the day and year first above written.

By: Jeff E. Johnson
Name: Jeff E. Johnson
Title: Senior Vice President

By: Debra J. Bevier
Debra J. Bevier
Deputy City Attorney



SPACE PLAN

2102101

Revised 2/07/01

Revised 5/10/01

Revised 5/2/01

CITY OF SAN DIEGO PUBLIC LIBRARY

707 Broadway / Suite 300

San Diego, CA 92101

707 BROADWAY
BUILDING STANDARDS
April 5, 2001

TENANT-FLOOR LOBBY AND CORRIDOR SPECIFICATIONS:

Note: Refer to typical core area floor plans.

Rated Corridor Walls:

Wall Specification - 3 5/8" 25 gauge metal studs @ 24" on center w/ hard lid tunnel above to accommodate suspended ceiling @ +/- 9'-0" a.f.f.
5/8" type 'X' gypsum board both sides.
Insulation - R-11 batt insulation through out.
Wall Finish - Light spray texture "orange peel" finish.
Paint - 2 coats, flat finish acrylic over primer, color to be specified.

Suspended Acoustic Ceiling System:

Grid - 2' x 2' Armstrong 'Suprafine' 9/16" Exposed tee-grid system.
Tile - 2' x 2' Tegular - Armstrong 'Cirrus'; Classic Step #591.
Ceiling Height - +/- 9'-0" typical.

Sprinkler Heads:

Suspended Ceilings - Semi-recessed chrome sprinkler heads with white eschutean plates.
Drywall Ceilings - Concealed heads with white coverplates.

Lighting:

Corridor Lighting - 2 x 2' fluorescent fixture with 2 X 2" parabolic lens
Lithonia #SPG2U403615LS, specular silver.
Exit Lights - Isolite 'Edgelite' series with emergency battery back-up.
Elevator Lobby Lighting - Low voltage downlight
Halo #2416C specular clear reflector, H7LVT 75W MR16, 7 1/4" O.D.
Accent Lighting - Low voltage adjustable spot Halo #2410.

Door, Frames & Hardware:

Door - 3'-0" x 8'-0" 20 minute rated solid core clear maple veneer.
Paint grade optional on tenant side.
Door Frame - Western Integrated 20 minute rated metal frame and assembly with clear aluminum finish.
Hardware - Schlage D-series passage latch lever hardware, Sparta #626, satin chromium plated finish with matching butts, closers, coordinators, etc. as required.
Existing Core Door Assemblies - Clean and seal existing aluminum finish.
Replace door handles and rosettes on corridor side with Sparta #626 to match tenant standard.
Existing Lobby Hold-Open Doors - Pair of 3'-0" x 8'-0" doors in recessed pockets as per plan.
Solid core clear maple veneer door with metal trim reveal to match adjacent walls.
Rated Western Integrated frame, factory finish to match wall color.
Satin chrome finish on butts, hold-open devices, coordinators and closers.

Floor Coverings:

Field carpet - To be specified, provide allowance of \$35.00/yd. Installed.
Border carpet - To be specified, provide allowance of \$35.00/yd. Installed.
Carpet base through out - 4" high with brushed aluminum retainer cap.

Fire Protection Specialties:

- Fire Extinguisher Cabinets – Semi-recessed cabinets with brushed-aluminum finish (locations and quantities to be specified on plans).
- Fire Extinguishers – 5# Size, ABC Classification.

Signage:

- Suite identification and Elevator Lobby Directory Signage (as per plan).

Electrical Devices & Plates:

- Lutron 'Decora', color: white.
- Duplex outlet – One (1) outlet in side wall near center of corridor for convenience.
- Lighting controls -
 - Corridor Lights – 24 hour night light circuit (with emergency battery back-up) to required number and spacing of fixtures per code. All other fixtures to be tied to building master time clock or energy management system.
 - Janitor and Electrical Rooms – Manually switched.
 - Stairwell Lighting – 24 hour lighting per code to be tied to existing control system.

Fire Alarm Devices: (to be determined)

TENANT-FLOOR TOILET ROOM SPECIFICATIONS:

Note: Refer to typical core area floor plans.

Revise restrooms per plans and interior elevations with the following systems and materials specifications, generally matching existing materials and finishes where possible except as noted:

Suspended Acoustical Ceiling System:

- Grid – 2 x 2' Donn 5/16" exposed T-grid, white.
- Tile – 2 x 2' Armstrong 'Optima Open Plan' #3150, white.
- Ceiling Height - +/-8'-0" (maximum possible up to 9'-0" a.f.f.).

Door, Frames & Hardware:

- Door – 3'-0" x 8'-0" (sizing to be verified by structural engineer) 20 minute rated solid core paint grade door on toilet room side, metal panel to match existing on corridor side.
- Door Frame – 3'-0" x 8'-0" (sizing to be verified by structural engineer).
 - Western Integrated 20 minute rated metal frame with clear aluminum finish.
 - Hardware – Automatic physically accessible door operator, Schlage D-series passage latch lever hardware, Sparta #626, satin chromium plated finish with matching butts, closers, etc. as required.

Wall Finishes:

- Ceramic Floor Tile - Match existing materials and design throughout with cove base, etc.
- Ceramic wall tile – Match to existing material and design throughout with accent strip to 48" a.f.f. and trim tile.
- Paint – 2 coats semi-gloss, color to be specified.

Toilet Partitions:

- Reconfigure per plans: match existing laminates, details and hardware.

Countertops:

- New solid surface with bullnose leading edge, 4" splash with undercounter mounted sinks and lavatory mounted soap dispenser – See plumbing fixtures.

Signage:

- ADA Regulatory symbol signage for 'Men' and 'Women' toilet rooms.
- Refer to plans.

Plumbing Fixtures:

- Toilet and Urinals – reuse existing fixtures.
 - Lavatories (under counter mounted sink) - Kohler 'Caxton' #K2209, white vitreous china with Kohler 'Paladar' #K14516 faucet.
- Toilet Accessories – Required new or additional items, stainless steel finish.
 - Soap dispenser (lavatory mounted) – Boberick #B8226 stainless steel, 6" spout.

SCHEDULE B-2

Light Fixtures:

- Soffit Lights – existing fixtures to remain, replace eggcrate lenses with parabolic lenses – Lithonia #PC 1½ x 1½" specular silver.
- Recessed Downlights – Halo #810C specular clear reflector, 7" aperture, 13w.

TENANT BUILD-OUT SPECIFICATIONS:

Tenant Demising Partitions:

- Wall Specifications - 3 5/8" 25 gauge metal studs @ 24" on center to structure with 5/8" gypsum board each side.
- Wall Finish - Light spray texture "orange peel" finish ready for paint.
- Wall Connections to Exterior Building Walls – Walls must intersect vertical window mullions, columns or solid wall areas at the building perimeter.
- Wall connection to mullions must have a brushed aluminum break-metal cap with acoustic caulking.

Interior Tenant Partitions:

- Wall Specifications - 3 5/8" 25 gauge metal studs @ 24" to a minimum of 6" above ceiling grid and tile with 5/8" gypsum board each side.
- Wall Finish - Light spray texture "orange peel" finish ready for paint.
- Wall Connections to Exterior Building Walls – Walls must intersect vertical window mullions, columns or solid wall areas at the building perimeter.
- Wall connection to mullions must have a brushed aluminum break-metal cap with acoustic caulking.

Insulation:

- Required above all ceilings and in all partitions.
- Ceilings - R-19 unfaced fiberglass blanket at ceiling.
- Partitions - R-11 batt insulation at all walls.

Interior Tenant Door / Assembly

- Door - 3'-0" x 7'-0" paint grade solid core door –
 - Tenant upgrade option - clear maple veneer door.
- Door Frame - Western Integrated metal frame – clear aluminum finish.
- Door Hardware - Schlage D-series passage latch lever hardware Sparta, #626 and all related butts, door closers, etc. to have satin chromium plated finish.

Interior Glazing

- System - ¼" tempered clear lite glazing – Western Integrated metal frame, clear aluminum finish.
- Size requirements – Full-height to 7'-0" a.f.f. or partial height at 3'-0" a.f.f. to 7'-0" a.f.f. – align to top of door.
- Intermediate Joints - Clear silicone edge butt approximately 42" o.c.

Suspended Acoustic Ceiling System

- Grid – 2 x 4' Donn standard 15/16" grid, white.
- Tile - 2' x 4' tegular ceiling tile – Armstrong "Cirrus Second Look II", white.
- Ceiling Height – +/- 9'-0" typical.

Light Fixtures

- Direct Fluorescent Fixtures –
 - 2' x 4' recessed fluorescent fixture, 3-40w, specular silver louver
 - Lithonia # 2SPG 340 7815 LS or approved equal.
- 2 x 2' recessed fluorescent fixture, 2U-40w, specular silver louver
- Lithonia # 2SPG 2U40 3615 LS or approved equal.
- Indirect Fluorescent Fixtures – Focal Point 'Verve II' Series
- Fluorescent Downlights – Halo #H274/5 series, 405 SC, specular clear reflector, 13 watts
- Exit Lights – Isolite 'Edgelite Series' with emergency battery back-up.

Sprinkler Heads:

- Suspended Ceilings - Semi-recessed chrome sprinkler heads with white eschutean plates.

HVAC Distribution:

- Sound Attenuations – All return-air registers will be fitted with sound attenuations boots – to be specified.
- Supply & Return Air Diffuses, Registers & Grilles – to be specified.

SCHEDULE B-2

Window Coverings:

3 1/2" perforated vertical blinds - color to be specified.

Floor Coverings: colors to be specified -- See Options 1,2,3

Carpet (Direct glue-down) -

C-1 Textured Loop (26 oz.) Durkan Commercial, Edgewater

C-2 Cut / Loop (38 oz.) Durkan Commercial, Windfall

Base --

B-1 Roppe 4" vinyl cove

Vinyl Composition Tile -

VCT-1 Armstrong "Imperial Texture" Standard Excelon

Sheet Vinyl -

SV-1 Armstrong "Classic Corlon" #86500

Paint:

Walls - P-1 ICI Eggshell finish

P-2 ICI Eggshell finish (Accent color)

Doors -- P-3 ICI Semi-gloss finish

Plastic Laminate Cabinets & Countertops:

Vertical Surfaces - PL-1 Nevamar

Countertops and Splashes - PL-2 Nevamar

Interior Cabinet & Drawer Finishes -- White melamine

Electrical Devices & Plates:

Light switches, power, phone and data outlets - Lutron 'Decora', white.

SCHEDULE 1

TIME DEADLINES

	<u>Dates</u>	<u>Actions to be Performed</u>
1.	Ten (10) business days after the approval of the Amendment by the City Council.	Final Space Plan to be signed-off by Tenant and delivered to Landlord.
2.	Thirty (30) days after delivery of the Final Space Plan to Landlord.	Tenant to sign-off on Final Working Drawings. Architect to deliver to Landlord.
3.	Three (3) business days after delivery of the Final Working Drawings to Landlord.	Architect to submit Approved Working Drawings to the City of San Diego for all applicable building permits.
4.	Five (5) business days after the receipt of the Cost Proposal by Tenant.	Tenant to approve Cost Proposal and deliver Cost Proposal to Landlord.
5.	Two (2) business days after the receipt of a Partial Cost Proposal by Tenant.	Tenant to approve Partial Cost Proposal and deliver same to Landlord.

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Lease made and entered into as of _____, 200____, by and between _____, a _____, as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of _____, California _____, certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

1. The undersigned has commenced occupancy of the Premises described in the Lease, currently occupies the Premises, and the Lease Term commenced on _____.

2. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

3. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows: _____.

4. Base Monthly Rent became payable on _____.

5. The Lease Term expires on _____.

6. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied.

7. No rental has been paid in advance and no security has been deposited with Landlord except as provided in the Lease.

8. As of the date hereof, there are no existing defenses or offsets that the undersigned has, which preclude enforcement of the Lease by Landlord.

9. All monthly installments of Base Monthly Rent, all additional rent and all monthly installments of estimated additional rent have been paid when due through _____. The current monthly installment of Base Monthly Rent is \$ _____.

10. The undersigned acknowledges that this estoppel certificate may be delivered to Landlord's mortgagee, Landlord's prospective mortgagee, or a prospective purchaser, and acknowledges that it recognizes that if same is done, said mortgagee, prospective mortgagee, or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part, and in accepting an assignment of the Lease as collateral security, and that receipt by it of this certificate is a condition of making of the loan or acquisition of such property.

Executed at _____ on the _____ day of _____, 200____.

TENANT:

a _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Tower.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises except for safes and security areas without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon termination of the Lease, all keys to the Tower and the Premises shall be surrendered to Landlord.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Tower during such hours as are customary for comparable buildings in the greater San Diego area. Tenant, its employees and agents must be sure that the doors to the Tower are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Tower. Any tenant, its employees, agents or any other persons entering or leaving the Tower at any time when it is so locked, or any time when it is considered to be after normal business hours for the Tower, may be required to sign the Tower Register when so doing. Access to the Tower may be refused unless the person seeking access has proper identification or has previously arranged a pass for access to the Tower. Landlord and its agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Tower of any person. In case of invasion, mob riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Tower during the continuance of same by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment (other than materials normally brought in by Tenant in the course of its day-to-day operations in substantially the same quantity and manner as on the Lease Commencement Date) shall be brought into the Tower without prior notice to Landlord. All moving of the same into or out of the Tower shall be scheduled with Landlord and done only at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Tower and also the times and manner of moving the same in and out of the Tower. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. All damage done to any part of the Tower, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility of Tenant and any expense of said damage or injury shall be borne by Tenant.

5. No furniture, packages, supplies, equipment or merchandise (other than standard office deliveries made by mail or standard delivery companies) will be received in the Tower or carried up or down in the elevators, except between such hours and in such specific elevator as shall be designated by Landlord.

6. Landlord shall have the right to control and operate the public portions of the Tower, the public facilities, the heating and air conditioning, and any other facilities furnished for the common use of Tenants, in such manner as is customary for comparable buildings in the greater San Diego area.

7. The requirements of Tenant will be attended to only upon application at the Office of the Tower or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

8. Tenant shall not disturb, solicit, or canvass any occupant of the Tower and shall cooperate with Landlord or agents of Landlord to prevent same.

9. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or agents, shall have caused it.

10. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof without Landlord's consent first had and obtained.

11. No vending machine or machines of any description other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord which consent Landlord agrees not to unreasonably withhold. Landlord hereby expressly consents to a soda vending machine to be located in the Premises.

12. Tenant shall not use or keep in or on the Premises or the Tower any kerosene, gasoline or other inflammable or combustible fluid or material.

13. Tenant shall not use any method of heating or air conditioning other than that which may be supplied by Landlord, without prior written consent from Landlord.

and customary for general office usage and used in accordance with all applicable hazardous materials laws) to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Tower by reason of noise, odors, or vibrations, or interfere in any way with other tenants or those having business therein.

15. Tenant shall not bring into or keep within the Tower or the Premises any animals, birds, bicycles or other vehicles.

16. The Premises shall not be used for the storage of merchandise (except where designated for storage), for lodging, or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters Laboratory-approved equipment may be used in the Premises for microwave cooking, dishwashing, brewing coffee, tea, hot chocolate and similar beverages, provided that such use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

17. Landlord will approve where and how telephone and telegraph wires are to be introduced to the Premises. No boring or cutting for wires shall be allowed without the consent of Landlord. The location of telephone, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord which will not be unreasonably withheld.

18. Landlord reserves the right to exclude or expel from the Tower any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

19. Tenant, its employees and agents, shall not loiter in the entrances or corridors, nor in any way obstruct the sidewalks, lobby, halls, stairways or elevators, and shall use the same only as a means of ingress and egress for the Premises.

20. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Tower's heating and air conditioning system, and shall refrain from attempting to adjust any controls.

21. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Diego without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be transported only through entryways and elevators provided for such purposes at such times as Landlord shall designate.

22. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

23. Tenant shall assume reasonable responsibility for protecting the Premises from theft, robbery and pilferage, by keeping doors locked after hours. Tenant is not responsible for assuring that the Tower janitor employee by Landlord keeps the doors locked.

24. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall (i) be effective unless in writing, or (ii) be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, or (iii) prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Tower.

25. No awnings or other projection shall be attached to the outside walls of the Tower without the prior written consent of Landlord. No curtains, blinds, shades or screens (except in-board of the Tower standard blinds) shall be attached to or hung in, or used in connection with, any window or door of the Premises without the prior written consent of Landlord. All electrical ceiling fixtures hung in offices or spaces along the perimeter of the Tower must be of a quality, type, design and bulb color approved by Landlord.

26. The skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Tower shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

27. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable and nondiscriminatory Rules and Regulations as in Landlord's judgment may from time to time be necessary for management, safety, care and cleanliness of the Premises and Tower, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord shall not be responsible to Tenant or to any other person for nonobservance of the Rules and Regulations by another tenant or other person, provided that such nonobservance does not prevent the use of the Premises by Tenant. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

LEASE COMMENCEMENT CONFIRMATION

September 20, 2002

Tim C. Rothans

Re: First Amendment dated March 28, 2002 to Office Lease dated June 4, 2001 ("Lease") between 707 Broadway, LLC, a California limited liability company ("Landlord"), and The City of San Diego, a municipal corporation ("Tenant"), concerning Floors 5, 6 & 7 of the Office Building located at 707 Broadway, San Diego, California ("Expansion Premises")

Dear Mr. Rothans:

In accordance with the Office Lease (the "Lease"), you are hereby advised:

1. That the Substantial Completion and acceptance of the Expansion Premises have occurred and that the Lease Term shall commence as of October 1, 2002 for a term of five (5) years terminating on September 30, 2007, subject to the Termination Options.
2. Tenant shall take possession of the Premises (subject to all terms and conditions of the Lease) on the following dates ("Early Occupancy Periods"):

Floor 7:	September 16, 2002
Floor 6:	September 23, 2002
Floor 5:	September 30, 2002

During the Early Occupancy Periods, Tenant shall pay Base Monthly Rent and other charges under the Lease at the rate set forth in the Lease for the first year of the Lease Term.

3. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease.

Agreed to and Accepted as of


January 21, 2003
(Date)

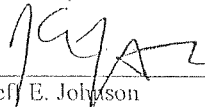
"Landlord":

707 Broadway, LLC,
a California limited liability company

By: 707 Partners, L.P.,
a California limited partnership, Manager

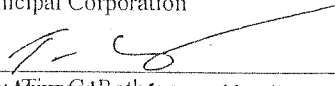
By: California Traditions, Inc.,
a California corporation, General Partner

By: 
Name: Christopher S. McKellar
Title: CEO

By: 
Name: Jeff E. Johnson
Title: Senior Vice President

"Tenant":

The City of San Diego
a Municipal Corporation

By: 
Name: Timothy C. Rothans and legality

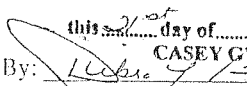
this 21st day of Jan, 2003
By: 
Name: Casey Gwinn, City Attorney
Title: Deputy City Attorney

Exhibit 45

LESLIE E. DEVANEY
ANITA M. NOONE
ISLIE J. GIRARD
JAN M. HEATH
GAEL B. STRACK
ASSISTANT CITY ATTORNEYS

OFFICE OF
THE CITY ATTORNEY
CITY OF SAN DIEGO

Casey Gwinn
CITY ATTORNEY

CIVIL DIVISION
1200 THIRD AVENUE, SUITE 1200
SAN DIEGO, CALIFORNIA 92101-4194
TELEPHONE (619) 533-5800
FAX (619) 533-5847

April 15, 2004

REPORT TO THE HONORABLE
MAYOR AND CITY COUNCIL

SAN DIEGO FAMILY JUSTICE CENTER UPDATE

INTRODUCTION

The San Diego Family Justice Center opened on October 10, 2002, with unanimous support from the Mayor, City Council, City Attorney, City Manager, Police Chief, Fire Chief, and over forty community organizations. The Family Justice Center and its camping operation, known as Camp Hope, have already become the most significant and comprehensive public safety initiative in the history of San Diego, combining law enforcement, prosecution, intervention, and prevention services under one roof to address family violence.

The San Diego Family Justice Center has become a model for the nation with the creation of the federal government's National Family Justice Center Initiative in the fall of 2003. Currently, the United States Department of Justice is conducting a competitive selection process to choose twelve communities to serve as sites for the first Family Justice Centers in the country to be modeled after the San Diego Family Justice Center. Over 170 communities in the nation are competing to be one of the first twelve sites to develop Family Justice Centers modeled after San Diego's Family Justice Center. In addition, the County of San Diego has begun a regional planning process designed to create specialized Centers around the County within the next five years. The vision is a network of Centers throughout the County with the largest Center in downtown San Diego, sponsored by the City of San Diego.

Since being featured on the Oprah Winfrey Show in January 2003, and receiving national and international media interest, the Family Justice Center has hosted site visitors from forty-five states and twenty-two countries. We are currently developing sister city relationships with the Canadian cities of Edmonton, Calgary, and Toronto, with the Gold Coast of Australia, and London, England. Each of our sister cities has planning processes underway to develop a Family Justice Center modeled after the San Diego Family Justice Center.

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MAYOR AND CITY COUNCIL

April 15, 2004

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Camp Hope, as well, has garnered attention from across the country as the first dedicated camping facility of its kind in America for victims of child abuse and family violence. The planning for Camp Hope is currently in the project design phase and initial environmental review has begun at Lake Sutherland, the site for the main facility for Camp Hope. The City's Water Department, under Larry Gardner's leadership, has played a crucial role in working cooperatively with the Family Justice Center to help make Camp Hope a reality. Last summer, the first seventy-five children camped at Lake Sutherland in tepees and other temporary structures. You can view pictures of the first summer operation at www.sdcamphope.org. Executive Director Tiffanie Mills hired a part-time staff, recruited many volunteers, and together, they touched the lives of many hurting and at-risk youth who came to camp from domestic violence shelters and transitional housing facilities for domestic violence victims and their children.

The Family Justice Center also benefited greatly from the support of a new Foundation, the San Diego Family Justice Center Foundation, created to support Camp Hope, the day-to-day operation of the Family Justice Center, and the long-term capital needs of the Family Justice Center vision. The Foundation is led by Executive Director Sharon Smith and a diverse Board of community leaders.

More importantly, in the last eighteen months, the day-to-day operation of the San Diego Family Justice Center has served over 8,000 victims of family violence and their children at its downtown location at 707 Broadway. Volunteers and staff have received over 30,000 phone calls on the Center's toll free information line (866-933-HOPE). Presently, over 120 family violence professionals, including the Police Department's Domestic Violence Unit, the City Attorney's Domestic Violence Unit, and over twenty non-profit agencies, come together every day to provide services to clients from across the City. The results have been stunning. Since the Family Justice Center opened its doors, domestic violence homicides have continued their twenty year decline. In 2002, there were nine domestic violence homicides in the City. In 2003, there were seven domestic violence homicides. And in the last six months, there has been one domestic violence homicide in the City. Since its opening in October 2002, no one seeking services at the Family Justice Center has been a victim of homicide or suicide.

Tremendous credit for the success of the Family Justice Center belongs to Assistant City Attorney Gael Strack, Police Lt. Jim Barker, and Police Sgt. Robert Keetch who work collaboratively to oversee the daily operation of the Family Justice Center and the partnerships with over twenty on-site and twenty off-site community organizations that form the Family Justice Center collaborative. The Center also enjoys the services of a full-time, unpaid Volunteer Coordinator, Carolyn Wilson, who plays a critical role in providing volunteers to support every aspect of the Center's operation. Over fifty volunteers, including Chaplain Assistants, currently provide help to the professional staff of the Center on a daily basis.

STRATEGIC PLANNING PROCESS

Over the last eighteen months, the Police Department, the City Attorney's Office, and many other public and private agencies have been participating in a strategic planning process related to the future of the San Diego Family Justice Center. Strategic Plans have emerged for the next year, three years, and five years. The major issues being addressed in the strategic planning process relate to expanding critically needed services for adult clients at the current Center site, developing immediately needed services for children in homes with family violence, and creating a permanent home for the Family Justice Center in downtown San Diego.

As you are aware, the original strategic plan for the Family Justice Center envisioned two phases to the development process of the Center. Phase I, currently in operation, is focused on services for adult victims of domestic violence. Phase II, currently in the planning stages, envisions providing comprehensive services to victims of domestic violence, sexual assault, child abuse, and elder abuse. However, over the last eighteen months of operation the need for children's services has become paramount. Currently, the Center is seeing approximately 150 children per month, arriving with their mothers. Based on current research, approximately fifty percent of these children are also victims of actual physical or sexual abuse. The present Center has no services for these children. The pressing need for children's services at the Family Justice Center has become a paramount concern for all agencies currently working with the Center. The recent death of a 15-year-old girl, our first domestic violence fatality in San Diego in 2004, highlights the critical importance of providing services at the Center to address teen relationship violence as well as child witnessing of domestic violence and physical child abuse. Police Chief Bill Lansdowne has assigned a specialized officer to the Family Justice Center, Juvenile Division Officer Ben Jolly, to focus on the critical needs of teen victims of relationship violence. In addition, the Police Department has begun developing protocols to cross-train and cross-assign child abuse detectives to work collaboratively with the domestic violence detectives currently assigned at the Family Justice Center.

Most significantly, over the last three months, the Family Justice Center staff has been working with Children's Hospital, the Police Department, Childhelp USA, and the Real Estate Assets Department to develop a plan to provide immediately needed services for children at the Family Justice Center. During this planning process, an additional floor became available at 707 Broadway. The Shidler Group, current owners of 707 Broadway, have offered the City the space at a rental rate even lower than the rate currently being paid on the 5th, 6th, and 7th floors of the building. This offer has allowed our planning team at the Family Justice Center to focus on a plan for adding additional space to the current Center. This matter will be coming before Council within the next 30 days, including additional lease amendments discussed below.

PROPOSED LEASE AMENDMENT

The current proposal is to lease an additional 12,000 square feet of space on the 2nd floor of 707 Broadway to allow for the addition of other community partner organizations at the

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Family Justice Center and to develop a Children's Advocacy Program, sponsored by Childhelp USA at the Center. The new Children's Advocacy Program will be a collaboration between Childhelp USA, the Family Justice Center, and the Chadwick Center at Children's Hospital. Childhelp USA has pledged \$5,000 per month for five years to offset the cost of the additional space. The City Attorney is also seeking additional grant funds to assist the City in funding the expanded space. The Real Estate Assets Department has been planning for the last two years for the additional needs of the Family Justice Center and funds are available in the Manager's FY2005 Proposed Budget to provide for the approximately \$180,000 per year necessary for the additional space. Childhelp USA has already begun their fundraising efforts to assist with the anticipated costs. In addition, Childhelp USA and Children's Hospital Chadwick Center will be providing staffing for the new Children's Advocacy Program at no cost to the City.

We have also begun a focused planning effort related to the Phase II vision for the Family Justice Center. Deputy Mayor Toni Atkins and Councilmember Jim Madaffer have assisted us in developing a Working Group to begin evaluating the potential use of the current downtown library building upon the completion of the new Main library in 2007-2008. Councilmember Michael Zucchet has assigned a staff member to this preliminary planning process as well. Representatives from the Police Department, the City Attorney's Office, the Centre City Development Corporation, the Commission on Arts and Culture, and the East Village Association will also be participating in this Working Group. City Manager Lamont Ewell will be chairing the Working Group with the goal of producing a possible plan for Council consideration in the fall of 2004.

The current lease for the Family Justice Center space at 707 Broadway expires in 2007. In order to provide adequate time for planning and potential renovation of the library building for community service center, arts and culture community, and Family Justice Center purposes, we will be seeking to extend the current term of the presently leased space to a five-year term beginning in 2004. This will allow adequate time to renovate the library building after the new library is completed and library operations move from the E Street site. This lease amendment is included in the action coming forward to Council. We anticipate broad community support for both the lease amendment and the larger planning process.

The Police Chief, the City Attorney, and the City Manager are recommending approval of the upcoming lease amendments in order to allow us to:

1. Provide for the needs of the Family Justice Center until a permanent site can be obtained for operation of the Center;
2. Meet the immediate critical needs of children coming to the Family Justice Center; and
3. Continue moving forward with the vision for the Justice Center as we set a standard for the nation and the western world in breaking the cycle of family violence.

Thank you in advance for your on-going support for the San Diego Family Justice Center. The Family Justice Center promises to impact the lives of thousands of hurting families


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in the years to come. The city, the county, the state, and the nation will benefit from your support for this vision. You each are playing a critical leadership role in helping us stop the violence and abuse that can damage and destroy the lives of so many in our community.

Respectfully submitted,



CASEY GWINN
City Attorney



WILLIAM LANSDOWNE
Chief of Police

CG:je
RC-2004-9